DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

January 2, 1957

Before long the President will initiate various programs for the coming year. We feel quite certain in our own minds that with the world as troubled as we find it today that there will be no cut made for either defense or foreign relief, and it therefore follows that chances for reducing taxes are likewise very slight. We cannot afford to let down on our military program, and that, of course, constitutes the largest individual expense in the budget. Whether it would be wise to cut foreign aid is a question on which all people do not agree, but at least it can be said that the cost is a very heavy one to taxpayers, and some will even argue that we may be up against the basic fact that the patients that we are trying to help in their present state of poor health, have had enough transfusions, and seem to be getting sicker rather than better as a result of our donations. Some will actually insist that it might finally undermine the health of us, as donors.

It seems that year after year about $7 1/2 to $8 1/2 billion of Federal tax intake is used to bolster the economic and military establishments of the outer world, mostly, of course, for western Europe, but also to fill the coffer of their central banks. Thus, we can be reminded that the grand total of net gifts in the 11 1/2 years to the end of 1956 may have amounted to around $75 billion, which would be at the rate of nearly $500 for every man, woman, and child in this country.

Direct aid during 1957 will probably reach a figure of $6 billion, which is a rise of a billion dollars or more over the last two fiscal years, and this figure does not include what may be called indirect aid. By this we mean, wages, salaries, etc. of our officials, soldiers, and sailors abroad who are spending annually about $2.7 billion. In these calculations we used net figures after allowing for the payments our government receives, such as installments on its outstanding claims or for the monies collected in foreign currencies in exchange for farm surpluses, which in some cases are not worth much.

30 March 1983

Before our market opened this morning there was not too much to guide it. We had mostly dry and cold weather over the New Year holiday. Some precipitation is likely now, according to the five-day outlook, for western Nebraska and northwestern Kansas, which even this late might be of some benefit. According to a review from Washington, CCC feels that apparently it has neared the end of the largest grain storage expansion program in history. They say that definite signs are developing that the peak of the emergency may be over. Fortunately they regard the CCC storage as an emergency space only that was provided when normal commercial facilities were not adequate. In June 1949 that type bin-type capacity amounted to only 45 million bus. As surpluses built up they added more and still more bins. By the end of 1952 the bin capacity increased to 552 million bu; by June 1954 it was raised to 884 million bu, and at the present time has risen to 984 million bu, plus the moth-ball fleet. The latter was an arrangement with the maritime administration to use 370 idle merchant ships of the reserve fleet for the storage of CCC-owned wheat. These boats were anchored in various rivers and sounds, and provided storage for 83 million bu of wheat, in addition to the interior bins mentioned above.

Primary receipts of wheat today amounted to 1.7 million bu; this compared with 1 1/2 million bu last week, and a little less than 800,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 119,000 bu. During the week Chicago stocks of wheat decreased 214,000 bu. Including the amount afloat, there is still about 10 3/4 million bu here. There was a heavy shrinkage in corn stocks over 1 million bu, leaving the city. Elevator and afloat stocks total 17 1/4 million bu. Rye stocks were very little changed, and bean stocks declined 178,000 bu, so the total in Chicago amounts to somewhat more than 7 1/2 million bu.

There was a rather firm undertone all around, and beans advanced 4¢ per bu, with oil prices higher, but some of the buying may have been stimulated on the possibility that the January tenders were pretty well taken, and there are those who believe that they may be absorbed for processor account. Wheat was stronger, and so was rye, but there was no particular buying. In fact, a little selling in wheat appeared to be hedges against heavier country movement Southwest. Corn prices firmed, and the country is hardly selling anything. In our opinion that market would do better except for government selling. Late on Monday, Yugoslavia bought two cargoes of wheat.

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CHICAGO, 4 January 3, 1957

When the corn referendum was held last December, there was not a two-thirds majority vote to put through the plan which Secretary Benson had hoped might be adopted. The farmers at that time probably felt that there might be some liberalization in the formula or else they were willing to take their chances on the market rather than to cut their acreage so drastically. As matters now stand Mr. Benson is considering very seriously a major concession: Namely, a floor under price supports, for which, of course, he would have to get Congressional approval, but in any case it looks very much as though some plan might finally be acceptable to farmers whereby they can use their land a little more extensively and still receive government help. To this extent it is less bearish than if we had plantings on a big scale with a great many farmers ineligible for the loan. There are still some uncertainties surrounding the basic plan, but for the time being we may find that corn prices will do a little better.

It seems that whenever artificial stimuli are used to bolster prices, it is not always possible to foresee the secondary consequences, and we are beginning to find a certain amount of resentment to the policy of pushing exports at the expense of other surplus countries. Argentina has told both Brazil and Chile that she will be in position to supply all the wheat needed this year. The Argentine government recently protested the sale of our farm surpluses, for which we would be paid in local currencies, to countries that neighbor her borders and were traditional buyers of that country. At the time this big deal was consummated with Brazil it was pointed out in some circles that Argentina had not always been in position to supply those two countries regularly, and particularly with respect to Brazilian wheat imports. Whatever the outcome may be, this much may be said now: namely, that the American sales may depress markets in Europe if Argentina has to sell its wheat abroad instead of to other South American countries. Normally this would react on our own markets except for the fact that price is no longer as much of a factor when we have subsidies and are willing to take losses in getting our grain into consumptive channel Nevertheless, any weakness in world markets is not healthy and merely tends to undermine the whole economic structure on which confidence is based.

We do see some evidence of more activity in the export field now that we are in the new calendar year and the holidays have passed. A railway strike in Canada will limit offerings of Canadian grain, and while it is bearish on their market, it should not have too much influence on world price levels unless the labor dispute continues for a lengthy period. For the time being there are large supplies at terminal ports.

The bean market, which was very strong yesterday, seemed to be tempered a little this morning by events in Egypt, which were apparently less pressing. We have some doubts as to whether our exports even with help from the government will reach the figures that have been anticipated. Domestically there is some competition now from lard products, showing that price is an important factor in this field. While crushings thus far have been at a faster rate than a year ago, the crop was so much larger that we still may be faced with a sizeable carryover next Octobe

Primary receipts of wheat today amounted to 1.2 million bu, which was practically the same as last week and compared with only 828,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 251,000 bu. Here in Chicago contract stocks of wheat were cut to 6 1/4 million bu, of which a little over 2 1/2 million bu consisted of #1 and #2 hard winter wheat, and slightly over 3 million bu was #1 and #2 red winter wheat.

Markets were extremely dull, and there was not much trend, although there seemed to be a little buying of wheat on minor setbacks. It was still extremely dull in the flour trade, although there may have been a little buying of futures by exporters. Beans were rather firm early, but bulges did not hold in spite of the fact that oil was a little higher. Corn did better, and there was buying for local account, with some traders believing that the market has made a turn. We have felt right along that corn might do better except for government selling, and we continue to hold that view. Rye prices were higher for a time, but there was no big trade nor any important feature. It sold off as did most other cereals.

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CHICAGO, 4 January 4, 1957.

The export demand has been lagging for a period, and this often is the case over the holidays. We have seen very often on past occasions that January 10th was the calendar day for selling wheat, and this was due tothe traditionally heavier offerings fromSouthern Hemisphere at that period of the year after their crops were harvested, and supplies began pressing on themarkets. It should be remembered, however, that this may be a rather unusualyear insofar as world exports of wheat and flour are concerned, and not only will world wheat shipments exceed those of the year before, but they may actually approach the record of 1,066 million bu, which was the amount set afloat in 1951-52. There are, of course, several reasons for this. First of all, a severe winter a year ago in Europe damaged crops in a number of countries, the greatest setback having occurred in France. As a result, she has been on a net import basis for wheatall season, whereas net imports the year before had totaled 73 million bu. In Turkey, the outturn was also somewhat less than the near record 1955 crop, and topping this is the Australian wheat crop, which is down sharply as a result of excessive moisture at seeding time, and during part of the growing season. In other exporting countries, however, supplies are liberal and generally larger than in 1955. There is a higher economic activityin Europe with greater purchasing power in the importing countries, and their zeal to take grains from the surplus countries was also spurred to some extent by our liberal government export programs, which make their buying problems easier.

Little attention is paid to the factthat world rice production is forecast ata new record of 216 million short tons. This is about 10% above average and not only has weather been mostly favorable but acreages have been increased both in Asia and in South America. Feed grains were affected in Europe by adverse conditions for wheat. For example, there was a greatly increased acreage of barley in France and that country is reported tohave about 70 million bu barley available for export. Even if shipments should reach that level, France would still have a large carryover. In other European countries the low quality of wheat that was harvested last summer due to wet conditions made it necessary to use what is ordinarily human food for feed purposes, and thus import requirements for feedstuffs have been lessened. The larger supplies of feedstuffs in surplus countries other than the U S, point to increased competition for available markets, and this roughly summarizes the situation as we enter the 1957 calendar year.

The weather map this morning was more hopeful for moisture Southwest than anything we have experienced in recent weeks. It looks as though Kansas, Oklahoma, and Texas would be benefited by rain or snow, ranging from 1/4 to 1 inch, and even at this writing there have been a few points that have reported some rains or snows, as, for example, Independence, Kansas, also Garden City, Kan., which had over 1/4 inch, and several points in Oklahoma around the Enid district, where the amounts ranged up to 1/2 inch. This naturally had more influence on the new-crop futures than the old. According to the weekly Kansas report, soil blowing losses have been relatively light so far but they claim that the hazard of wind erosion was increasing daily so that a snow-covering would be more thanwelcome. The Oklahoma weekly report spoke of slight improvement during the week. There was even some favorable weather for plant growth due to the improved moisture conditions and warmer weather. Nevertheless there is still the need for general rain to assure favorable growth in that state.

Primary receipts of wheat were 1,065,000 bu, which compared with 1,211,000 bu last week, and 981,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 220,000 bu. When the visible supplyis posted on Monday it will compare with a decrease in wheat last season of 3 3/4 million bu.

According to Broomhall, our wheat and flour exports for the week were 8.7 million bu, totaling 235 million bu for the season, or 120 million bu more than last year. The President is expected toappear before both Houses tomorrow and explain his new program for the Middle East. The market did not anticipate anything very bullish by way of possible increases in shipments, except that beans wer strong. The buying was mostly local, and probably in response also to higher oil prices. Wheat was inclined to be a little reactionary, particularly the new-crop months, which were affected by an unsettled map and reportsof furthermoisture Southwest. Corn did not go far either way. There was not the aggressive buying which we had the day before, and possibly bullish sentiment was a little dampened by heavy sales ofCCC. Rye was higher despite weakness at Winnipeg.

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CHICAGO, 4 January 7, 1957

There had been a considerable amount of buying in the oil markets last week. which, of course, influenced beans also. Bullish sentiment was due to the possibility that the President's program for the Middle East might envision heavier shipments of certain commodities to those areas in an effort to maintain security and to assure U. S. leadership abroad. We have already seen that the crises in the Mediterranean and in Hungary are bringing some rises likewise in defense of Foreign Aid budgets. Mr. Eisenhower in a dramatic personal appearance before a joint session of the Senate and House pleaded for authority to use American troops and wealth to defend the nations of the Middle East against direct or indirect aggression by power-hungry Communists. He expressed the profound hope that he would not have to use such authority. He stated that he would not send American troops to any country except at the expressed desire of a nation under Communist attack. The important part of his talk we thought was that current appropriations were adequate for his program at least for the balance of the current fiscal year, which ends June 30th. However, he said he would ask $200 million for each of the next two fiscal years, or a total of $400 million, in addition to the other Foreign Aid requests. Nobody, of course, knows at this time what the reaction of the Congress will be, nor of those whose authority is sought. Some expressions already show reservations, while others are downright critical, but it is to be assumed from the applause which he received that many of the points will be voted. He stated that while the Communists would not like what he proposed, this would not deter the U. S. from action in preserving vital interests and human freedom regardless of hostile distortion of words, motives, and actions.

Before our market opened we found that the rains Southwest had not been particularly heavy, although there had been some relief on Friday in parts of Oklahoma. The five-day weather outlook suggests that there may be some rain or snow by Wednesday or Thursday in Kansas and Oklahoma, but nothing very much is indicated for Western Texas. The CCC continues to sell corn and disposed of 7.4 million bu last week, including 2.6 million bu in the domestic market and 1.3 million bu for the drought program. The total since October 1st amounts to more than 46 million bu. In addition to the sales of corn, Commodity has sold barley, oats, and rye for export at cheap prices. Some rye was sold late last week at $1.30, FOB, Seaboard, which is considerably below the Chicago May price. CCC non-committed inventory of rye on December 26th was only 969,000 bu.

There seems to be no pressure yet from the Argentine wheat crop movement and Broomhall says that there is no explanation for the delay in offerings, but that it is generally believed that sales will materialize within the near future, especially as officials in that country are concerned over the inroads being made by us into South American markets. Unlike some of the other grains wheat in Argentina is still controlled by the official agency, which will supervise the marketing of the crop

The Secretary of Commerce, Mr. Sinclair Weeks, announced that consideration will be given to the applications for licenses to export surplus agricultural commodities to Poland for U. S. dollars at world market prices. To what extent they can procure our currency, of course, we cannot say, but at least for the time being it would not permit any sales to be made under P. L. 480 as we understand the law.

Chicago wheat stocks declined 302,000 bu for the week, leaving 9.6 million bu in elevators and 765,000 bu in boats, so there is still nearly 10 1/2 million bu here in Chicago. Corn stocks decreased 124,000 bu, oats declined 286,000 bu, and beans declined only 27,000 bu leaving a total of 7.3 million bu, with another 1/4 million bu afloat.

Markets were not at all active. There was some buying of beans, and the nearby delivery was strongest. The market, however, closed lower. Wheat prices were firm, and particularly the deferred deliveries. In fact, most of the new business is going into July and September wheat, and this includes both buying and selling. Trade in December is still rather quiet. Some commercial selling was noted in March wheat, which may have been hedging against country purchases, and we would not be surprised to see rather heavy redemptions when the next loan figures are published. Corn was quite indifferent. The country is still not selling much, but buyers are cautious owing to the fact that CCC sales still continue. U S wheat visible decreased 3.3 million bu. Total stocks are 35 million bu smaller than last season. Bean stocks increased to 15.5 million bu.

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CHICAGO, 4

January 8, 1957

Our government has been making great efforts to export surplus commodities, and, of course, it is these built-up inventory holdings that have spurred them on. They represent the concentration of accumulated stocks, which not only cost the government a good deal in the way of storage, but they have also tended to depress the market. Apparently many of the officials have reasoned that even if we make sales under P. L. 480, it is easier and cheaper to store foreign currencies than farm commodities. There seems little chance in our opinion that Poland will be able to buy grains in this country except for dollar payment and at the world price. Thus we would be permitted either to subsidize shipments or the CCC would be permitted to sell to them at a loss. But the next question is how can a country like Poland, which has been suffering financially, afford the purchase if they first must secure dollar exchange. It is true that the International Cooperation Administration and other agencies help foreign countries to finance the purchase of U. S. agricultural supplies. We are so dedicated to programs of this kind that even our agricultural attaches abroad act as missionaries and thushelp to open export markets. Whether Poland can borrow dollars or secure them through such means is somewhat doubtful. We are very much reminded of the woman, who, in paying her income tax, told the collector that she hoped her money went to some nice country. In this day and age, when we are trying towin friends abroad through donations, of course, anything is possible. On the other hand, Poland seems much more likely to turn to Canada for her wheat and other grain supplies, and particularly wheat, which Poland seems to prefer, taking low grades at big discounts. Furthermore, in Canada she gets a one-year credit basis, which is likewise tempting.

Before our market opened this morning, traders viewed the map to find that there had been no rain or snow in the Southwest districts overnight, but the forecast is a little better, with someshowers likely over southeastern Kansas, while some snow may fall in the extreme northwestern sections of that state tonight and over the whole state Wednesday. Scatteredshowers are forecast for Oklahoma but only for the eastern portions.

CCC had sold exporters an additional 770,000 bu No. 2 yellow corn, FOB Atlantic ports, and 350,000 bu like quality track gulf. This business seems to be almost a daily occurrence, and can onlyhelp restrict private business, although we must admit that the offerings of corn from the country are very light, even in the new calendar year. Carlot receipts here in Chicago were 99, of which nearly half was for Commodity, with an additional 61,000 bu having arrived by barge. We also heard that Formosa had bought a cargo of soybeans for January shipment, said to have been sold by a Japanese firm. In Canada the railway strike continues, and, of course, it's a restrictive influence on their export business, as grain is unable to reach ocean ports and some of the ships are leaving only partially loaded. As long as this situation continues, inactive markets are to be expected up there.

Primary receipts of wheat amounted to 1,269,000 bu, which compared with 1,343,000 bu last year, while a week ago was a holiday. Kansas City and Minneapolis stocks so far this week show a total increase of 151,000 bu.

Trade was rather dull in wheat. Toward the last there was a report that France had bought 6 cargoes of mostly mixed wheat for March shipment FOB the Gulf. Otherwise it was rather quiet in commercial channels, and the flour demand, according to The Southwestern Miller, shows no indication of a pick-up in the near future. Bolivia purchased 3 million pounds of U S refined soybean oil, and a somewhat larger quantity of lard. Exporters claim that Spain is expected to purchase 50 million pounds of U S soybean oil on January 16th. This had some influence on the oil market early. Late in the session wheat prices reacted, probably due to the likelihood of some moisture Southwest, and at one or two points we heard that it had already started to drizzle. Corn was quite weak, and, of course, the government selling is an important factor, because it is impossible to compete with them on any export business. In addition to this there was some hedging or selling by a Northwest elevator concern, a little commission house liquidation and some local selling, all of which found the market rather poorly supported. Neither beans nor bean oil held early gains.

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CHICAGO, 4 January 9, 1957

Poland has proposed sending an economic mission to this country for the purpose of discussing and exploring the possibilities of getting American surplus farm products. The State Department reported that it was giving sympathetic consideration to the request. There has been considerable comment about the possibility of Polish buying in this country at world market prices but on basis of American dollars. In our opinion it would take an Act of Congress to release our surpluses either for barter or on basis of Polish currency, at least as we interpret existing law. There are no figures available as to what Poland has in the way of assets but we assume that her gold reserves have shrunk, and we doubt whether she has any assets in this country that could be used for buying goods.

It is rather interesting to note that the countries that lost the war have in some cases recovered better and have larger assets in this country than some of the others. For example, Germany leads the list, having 364 million U. S. dollars available here that could be used at any time for commercial purposes. This compares with only $47 million available to the U. K., and the latter country has experienced a substantial drain on its reserves during the past three or four months. Switzerland, which was not plagued or involved in a war has 148 million U. S. dollars on deposit in this country. There are, of course, other considerations always. For example, the U. K. has estimated gold and dollar holdings worth somewhat over $3 billion, but even this is not particularly large in comparison with $1.2 billion held by Japan, and $3.1 billion in the possession of the Federal Republic of Germany. France and her dependencies have about $1.7 billion worth of gold and dollar assets, of which $124 million consists of U. S. currency. We recognize in mentioning some of the above statistics that both Japan and Germany have been large recipients of U. S. help, but in addition to this Germany in particular has worked hard and long hours trying to rehabilitate her country and her resources. Germany had the additional advantage of not having to support a standing army until just recently, and, therefore, whatever commercial gains were made were pretty largely kept without having to pay out large sums for defense. In the same category is Switzerland, whose people work long and arduously.That country has no navy to support and not too much is spent for the army, although there is compulsory service for the youth of that country. She has total gold and dollar reserves of more than $2.5 billion.

Before our market opened this morning we had reports of some snow and moisture in the Southwest, although generally speaking it was much lighter than had been anticipated. It still looks as though there would be some more precipitation in Kansas with the exception of the southwestern part of the State; not so much is looked for in Oklahoma and probably nothing for western Texas. Temperatures will drop rather sharply, reaching zero in some areas of Kansas. The State reports for Nebraska and Kansas speak of dry windy weather, which plagued the 1957 wheat crop and, of course, topsoil is in a vulnerable position for blowing should winds of high velocity occur. Thus we feel that it will take more than just a moderate amount of moisture to correct a drought situation which has developed over a period of several years.

Primary receipts of wheat amounted to 1,139,000 bu which compared with 1,766,000 bu last week, and 911,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 244,000 bu.

There was some selling of wheat early, even though the moisture was regarded as quite inadequate, and March wheat was sold, but later on there appeared to be some buying orders in both March and May, which was probably against export business in France. New-crop futures lagged. The demand for flour remains extremely dull, and there is hardly any talk of when a pick-up might be expected. Norway is expected to buy a cargo of Gulf wheat shortly, and in general we expect some business right along.

There was a report from Amarillo, Texas, that dust was blowing, and that State has had a prolonged period of drought, with apparently no likelihood for moisture, for at least the next four or five days. There were a few reports of snow in Kansas, but the amounts were light.

Corn was extremely quiet, and the same condition prevails: namely, the threat of government selling, although meanwhile country offerings are very light. The bean market received no particular impetus from oil; in fact, January bean oil was lower, but there seemed to be some support in beans on the break. We still believe that with chances for a large carryover, there will be no sustained strength. Rye did better and the loan is a sustaining factor.

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CHICAGO, 4 January 10, 1957

Before the grain market opened this morning word came from London that Harold Macmillan was named by Queen Elizabeth to become the new Prime Minister to succeed Sir Anthony Eden. Macmillan, 62 years of age, had been Chancellor of the Exchequer and favorite of right-wing Conservatives, and apparently will now form a new government. This had virtually no effect on grains, nor did it seem to influence our securities market to any great extent.

Our wheat market heeded other factors, such as the weather, which was favorable only for the northern tier of winter wheat states, where a snowband had brought considerable relief, with the heaviest falls around the lakes. However, in Missouri, Kansas, and Oklahoma amounts were trifling, and the forecast, which is for cold weather, does not indicate any moisture of consequence.

The government late yesterday published figures on loans, showing that 225.1 million bu wheat had been impounded December 15th, which was a slightly larger figure than for the similar date a year ago, but much more was withdrawn from the loan during the month than went in and the net amount now in sterile account is 189 million bu compared to about 220 million bu in 1956. On the assumption that exports out of free stocks will amount to about 200 million bu, and adding to this the likely domestic consumption of 600 million bu, plus the amount under loan, we can just about account for the crop of 997 million bu. That would leave us the same amount of free wheat at the end of the season that we had a year ago, plus or minus any quantities that either go in or come out of the loan from this time forward Some may question our conservative figure of 200 million bu for export, in view of the much larger figure of actual clearances which is expected. However, the new program started two months after harvest; therefore, some government wheat had already been shipped or sold before we could engage in private trade for the entire season. Furthermore, the amount of scrip wheat, which is returned from government stocks due to subsidy formulae, will also be an important factor, as we figure only about two-thirds of present sales come out of the free supply, and that the rest is returned to exporters from government supplies.

The soybean figure shows 49 million bu under loan, this being a net figure, as 1.8 million bu has been withdrawn, and while considerably larger than last year, it is not too important, as the crop was so much bigger. Other loan figures are relatively unimportant; 27 1/2 million bu oats, also a net figure under loan, is small even based on a poor crop, and 78.6 million bu corn impounded is some 10 million bu less than last season, while this year's crop is also much bigger.

The President's "State of the Union" message called on business and labor to help the government combat inflationary pressures. Mr. Eisenhower expressed satisfaction that the long slide in farm income had been halted, and that further improvement seemed to be in prospect. He dwelt a good deal on the international outlook, and renewed his plea for Congressional approval of his Mid-East resolutions. As he put it, the world has so shrunk that all free nations are our neighbors, and thus we are motivated to help those who look for justice and seek peace. The United States, he said, "must continue to work with its allies in all parts of the world to turn back the threat of strong-armed imperialistic dictatorship."

There was nothing in the President's address that caused any change in the views of grain traders, nor were statistics of much importance, as primaries were about the same as last week and last year, although Kansas City and Minneapolis wheat stocks together increased 256,000 bu. Export business was absent today, and flour business was still extremely limited. However, the wheat market was rather firm, even though this was the calendar day to sell. Trade, however, was light. The noon forecast was no better for any possible moisture Southwest. Lard prices were strong, and some season's highs were recorded, probably due to a better export demand. January bean oil was relatively weak. Beans were without much trend, and early gains failed to hold in their entirety. After the close the government will release figures showing bean stocks on farms. Corn prices were strong early, there was some selling on the advance, but still the close showed fractional gains as compared with the previous session.

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CHICAGO, 4

January 11, 1957

Within the next few days President Eisenhower will submit to the Congress his budget message, and it is not likely that there will be any great surprises. Probably more than $40 billion will be allocated to major national security programs. There can be no question in these troubled times of our need to be strong and ready for any eventuality, but there are still many people who believe that there is room for economies without weakening our defenses. The same is probably true in all other categories as well. While most people are sympathetic to our helping friendly nations in times of stress, there is more concern when this aid becomes perpetual, and particularly as it affects our own economy at home. During the greatest prosperity that this nation has experienced, our governmental units in fiscal 1955 spent $110 billion, or around one-third of the entire national income. We have no more recent figures, but the trend since then has been upward. This, of course, represents the disbursements made by federal, state, and local governments, but it is equivalent to $664 for every man, woman, and child in this country. Of this amount the cost of national defense was $246 per capita, while the remainder of the spending was for other purposes, including rather large amounts of agriculture, veterans' services, as well as labor and welfare account. Foreign aid will likewise be a big item, and the President stressed this yesterday in his State of the Union message. Federal spending is nearly double that of the state and local governments, combined, while 71% of all tax collections goes to Washington. The fiscal 1957 budget expenditures are now expected to be $69.1 billion, or $4 billion above the estimate of last January. This marks the largest peacetime total with one exception, and was exceeded in only three years during World War II.

After the close of the market yesterday the government published farm stocks of various grains and soybeans. We started with a corn crop of 3,451 million bu, plus 300 million bu that was remaining on farms, which was 209 million greater than the year before. Present stocks are only 116 million bu larger, so that we must assume that the disappearance for three months was 93 million greater On the same basis we figure that the soybean disappearance on farms for three months was 26 million bu greater than a year ago, but still present stocks on farms are still 53 million larger than they were in 1956, and it is difficult to piece the picture together until we get supplies in other positions. Farm use of oats continues at a smaller pace than a year ago, and for six months disappearance was 70 million bu smaller.

Most effect this morning was on beans, which opened higher, and there appeared to be a little friendlier sentiment. There was nothing in the overnight weather but some light moisture is possible for the Texas Panhandle, while the five-day forecast indicates some snows for other parts of the Southwest, although precipitation will probably be quite light. It is said that December was another dry, mild month in Kansas, as practically all areas of the State reported deficient precipitation. They went on to say that with persistence of drought, prospects for the 1957 crop continue to fade as plants are weak and stems thin. However, no severe dust storms were reported.

Primary receipts of wheat amounted to 1,141,000 bu; this was slightly more than both last week and last year. Kansas City and Minneapolis stocks so far this week show a total increase of 385,000 bu. When the visible supply is posted on Monday it will compare with a decrease last year of 1 1/2 million bu.

Trade was not very heavy, but the nearby wheat deliveries were firm, and this occurred in spite of the fact that there was no export business of any consequence, although India bought 4 cargoes of Gulf wheat this week. There probably will be a tender on Monday of 10 cargoes of Western wheat via the Pacific to India. There is also said to be some inquiry from Yugoslavia. Wheat east of Chicago is no longer cheaper than our stocks here, which always creates the possibility of our losing some wheat, and this may have been the reason that the old-crop months gained on the new. Meal prices were higher again, and there was some buying of beans, which in turn affected oils. The latter today lagged, whereas in the past they have often assumed leadership. Chances are that the Administration will offer a new compromise corn program providing a guaranteed floor price through 1959. Officials state that Secretary Benson might be expected to set the 1957 support price at about $1.31 per bu if the plan is adopted. Corn was firm, but there was no large amount of buying in the pit. The government continues to sell some of its supplies.

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CHICAGO, 4 January 14, 1957

The Commodity Credit Corporation's inventory is about $8.2 billion, or just a shade lower than it was a year earlier. This is the first time since 1952 that there has been any reduction. Few people realize that there are three commodities which account for about 80% of this government investment - in other words, cotton, wheat, and corn. Therefore, it shows that any attack on farm surpluses must center principally on these three commodities. While there is a good deal of talk about the over-all farm program, the government does concentrate to a great extent on the aforementioned products. As a matter of fact, over 90% of the $750 million of Soil Bank acreage reserve funds for 1957 has been allocated to these three items. The program was rather late in starting, and, therefore, did not have too much influence on the harvests of 1956; nor did the Bank work effectually in reducing acreages to bring about much relief. However, it is figured that in 1957 the story will be different. What happened during the past year was that the agreements had to be signed by producers mostly after crops had started growth, and the result was that the poor-yielding land was largely deposited, so, consequently, the program was not very effective. For next summer the Agriculture Department is more optimistic, and we have already seen that about 11 million acres of winter wheat were taken out of production, and the total may reach the goal of some 12 to 13 million acres when the spring wheat farmers sign up.

For cotton, the USDA expects that 4 to 5 million acres will go into the Bank, and this, too, should bring about some correction. There is some doubt as to how many farmers will engage in the Soil Bank program with respect to corn, and actually Secretary Benson is still working on a compromise program; so it is a little early to tell. As of now, the acreage cut is apt to fall considerably short of the 4 to 5 million acres sought.

There is one crop that has been thriving, and actually has made a beautiful record, despite the fact that there have been no artificial influences to any extent. We are referring now to soybeans, which have become a billion-dollar crop. It is true that 50 million bu has gone into the loan, which is the largest figure that we have witnessed so far, but if prices stay up, redemptions might be fairly heavy, and there is some doubt whether the impoundings will be permanent at least to the extent that there will be heavy defaults. Beans occupy 22 million acres of cropland and some of the diverted acres from other crops may enlarge that figure next summer. Thus beans have become the most important cash crop in several Mid-West States, and actually the fifth most important farm crop in the nation. Farmers have been so busy planting beans that there has been little activity by way of fertilizers used in an effort to obtain larger yields. Even with supplemental irrigation in some sections of the country we have seldom been able to obtain 50-bu yields as is possible with some of the other crops, such as corn, oats, etc., and it emphasizes the need for a much better knowledge of the general physiology of the soybean, as well as other factors, including environmental relationships.

Chicago wheat stocks decreased 183,000 bu, leaving about 9 1/2 million bu here in Chicago. In addition to this, there is 765,000 bu afloat. Corn stocks decreased 150,000 bu, leaving 14.5 million bu here, plus 526,000 bu in boats. The bean stock decreased 126,000 bu; including afloat stocks we have about 7 1/2 million bu in Chicago.

Markets opened somewhat higher, and were probably influenced by the cold spell that gripped the country. Temperatures are not as severe Southwest as here, but there was no moisture, nor is much expected. India is negotiating for three cargoes of Gulf hard winters, and there is other business in the offing, especially Greece, which may take 6 cargoes later in the week. Flour business was dull both domestically and for export. New-crop wheat futures gained on the old, and this was mostly a weather proposition. The President is touring the drought areas of the Southwest, and we believe that some of the buying in beans today was on the possibility of the government selling feeders meal at a concession. The oil market also did better, and this helped. Higher oil prices are mostly on the assumption that there will be large exports, but this business is slow in developing. We shall have the government report showing stocks of grain in all positions, including soybeans that will be issued 10 days from today. Corn was a little higher but there was no important buying. We did not hear today of any further CCC sales of corn, but last week they sold 9.2 million bu including 5.4 million for export. The total
sice October 1st is

since October 1st is 55 1/2 million bu vs 40 million a year ago. The U.S. wheat visible decreased 745,000 bu, and beans decreased 501,000 bu.

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CHICAGO, 4 January 15, 1957

The President is on a tour of inspection over the drought-damaged southwestern farms and ranches, and he has assurred many farmers with whom he talked that the federal government will do its best to help them as long as the drought persists. In our opinion this is where farm relief could do some genuine good because producers in many states are facing disastrous conditions that are far beyond their own control, and they are hanging on to their acreages, despite the fact that the current drought is the worst in one hundred years. In many cases landowners have had to borrow heavily to keep going and some have even taken part-time jobs to try to meet present emergencies. In our opinion if we are to have an effective farm program, it should endeavor to help farmers in such dire straits, just as it should try to stave off disaster when farm prices are at dangerously low levels. In many sections of Texas they have not had a good rain since 1949, and not only has farming itself been hurt, but in many cases cattle feeders have been unable to get sufficient water for their herds.

However, farm aid has gone much further and has offered producers everything from high supports to cheap money and a host of other inducements. Herbert L. Schaller, himself a farmer and editor of "Better Farming Methods." asked the question editorially some months ago: "Isn't it about time we recognized the fact that one of the basic problems facing agriculture is that of too many farmers?" In making this statement he claims he is not inhuman but that many farmers would be happier and better off financially in other occupations. He asks categorically if anyone would argue the fact that we should have as many other small businesses, such as grocery stores, as we once had. He believes that it is time we recognized that we have been doing the farmer an injustice through our efforts to be concerned about his every welfare. In the views of Mr. Schaller, it is time we took cognizance of the fact that the farm problem today has become more political than agricultural. Therefore, we should be leaders enough to admit this fact and concern ourselves with correcting it. He points out that the farmer is primarily a businessman and in that respect is not much different from his friends and neighbors who run the local grocery, furniture, clothing, or other community store. Both businessmen and farmers must rely on efficiency of operation to give them the profit they need. In farming, through the various programs that have been adopted every effort is made to keep the inefficient producer operating, but in so doing it is the good, efficient, and progressive farmer who is penalized. When the small businessman fails, he passes the scene with hardly a ripple; he becomes a victim of his own inefficiency and seeks a living elsewhere. Schaller reasons that there has never been a subsidy for an inefficient grocery man, nor can he recall frequent and periodic outbursts of oratorical fire echoing in the halls of Congress over the plight of such a man. We say again that in the case of the present drought every sympathetic means should be undertaken not only to help in such instances, but to lessen the impact of further droughts.

Our market opened a little lower this morning and we learned that Greece had postponed its buying of 6 cargoes of winter wheat until January 23rd. Further quantities are likely to be bought by that country by the end of January. Meanwhile, Korea has purchased 4 cargoes Pacific Coast wheat, while the Continent bought some parcels of corn. There was a slight pick-up in flour sales to the West Indies and Central America. CCC sold exporters 140,000 bu two yellow corn at the Atlantic; all other bids were rejected.

Primary receipts of wheat today were 1,250,000 bu, which was practically the same as last week and alsothe same as last year. Primary receipts of beans were 252,000 bu, also much the same as a week and a year ago. Kansas City and Minneapolis wheat stocks so far this week show little net change.

There was practically nothing in wheat, except a little buying of futures early by exporters, but later on there seemed to be great indifference, except for the pessimism expressed by Mr. Eisenhower with respect to the drouth areas. A few traces of snow were reported Southwest, but not enough to really count, and the outlook is not favorable for precipitation. Meal prices were firm, particularly the January delivery, where apparently there are some shorts who have been covering. Oil prices were a little lower, and there was some light liquidation in beans, which resulted in moderate reactions from the previous day. Corn was without any feature whatsoever. A slightly lower market was of no significance. Brokers with Northwestern elevator connections bought a little March corn.

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CHICAGO, 4

January 16, 1957

Despite the drought which has become progressively worse in southwestern areas over a period of years, we have really done wonderfully well insofar as overall crop production is concerned. Of course, there have been some disaster areas where individual farmers suffered, and besides this we had a small oat crop, but this has been largely overcome by the big yields in Canada and reports are current now that we are importing some feedstuffs, mainly oats, from our Northern neighbor. According to the last figures the Canadian oat yield was in excess of 535 million bu. This is probably the biggest harvest of record, and the ten-year average crop amounted to only 375 million bu. Their barley crop likewise was tremendous, and production of 277.7 million bu compares with a ten-year average of only 195 million bu. In view of the fact that feed grains in Europe are plentiful because there was so much inferior wheat, it naturally presents some problems, particularly as the carryover reserves in Canada were also very heavy.

The total supplies of Canadian feed grains are now said to be 17% over last year's level and are about 39% above the ten-year average. The oats crop is 31% greater than last year's crop and 43% above the ten-year average, while the barley crop is 10% above the 1955 crop and 42% above the ten-year average. When we look at the total supply of oats in Canada, which amounts to 652 million bu, and the barle supply rated at 389 million bu, we wonder how such tremendous returns were possible on the North American Continent, only to realize that moisture conditions were better as we went farther north, and deteriorated as we came closer to the Mexican border. Canada does not raise much corn owing to the fact that their growing season is so much shorter than ours, but, nevertheless, the last crop of 24 million bu greatly exceeds the ten-year average, while the mixed grains crop of 69 million bu is the largest on record. Despite the fact that there is an anticipated increase in exports, coupled with continued heavy domestic disappearance, it still is likely that the Canadian carryover stocks of oats and barley on July 31, 1957 will exceed the reserve supply of the year before by a fair margin.

Before our market opened there was news from Washington that President Eisenhower would ask Congress to spend $76 million for drought relief. He is expected to propose that Congress permit him to spend $25 million from the Federal Disaster Loan Revolving Fund for emergency feed assistance. He would like to have extended until June 30, 1958 authority to use $25 million of unobligated agricultural conservation funds, so that Secretary Benson may pay farmers for anti-erosion and other emergency measures. In addition to this he would like an appropriation of $26 million primarily for refinancing farm indebtedness by direct loans. The President covered a 4,500 mile stretch over the drought-stricken Southern Great Plains and is convinced that state and local governments should also extend more aid to farmers and ranchers.

There was some buying of soybean meal on the possibility that it would be included in the relief program. The government, however, owns no meal but does own corn and sorghums, and we are wondering whether it would not be more advantageous to dispose of supplies already on hand rather than to acquire meal and other products, even granting that the latter would be preferable for feeding purposes in the bad areas.

Statistics today were of no particular interest. Weather Southwest was still far from satisfactory, although there was a news item that around Hutchinson there had been from 1 to 4 inches of snow in that general area, but nevertheless, wheat futures were very strong. In fact, all grains today were influenced by the attention being given to drought-stricken areas. Israel was asking for offers of 2 cargoes of soybeans, and apparently is being given allocations for corn, but we think that the higher markets for bean oil and cottonseed oil also strengthened the bean market, while meal prices were up on the possibility of heavier usage if the drough program goes into effect.

The President's budget of $71.8 billion is the highest in peace-time history. The big items include $38 billion for defense; $4.4 billion for foreign aid; interest on the debt of $7.4 billion, and more than $5 billion for agriculture, as well as $5 billion for Veterans benefits.

Rye was very strong, but it was mostly local buying and nothing particular in the news, although recently it has been claimed that Poland might want rye, although we should imagine that supplies in both Argentina and Canada would be cheaper than here, except where the government has sold some of its accumulated holdings at great concessions.

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CHICAGO, 4 January 17, 1957

Japan enjoyed another bumper harvest in 1956. In spite of this, import demand for farm products is expected to remain brisk in 1957. Total crop production in that country was 22% above prewar and was second only to the record output of 1955. Food supplies are relatively abundant with imports heavy during 1956, although at a lower level than in 1955. Industrial activity is at a high level, and moreover, Japan has sizeable holdings of foreign exchange, so that the demand should be well maintained. Consumption of wheat and barley products has declined somewhat during the past year as a result of larger supplies of rice available at reduced prices. The production of beans and peas in 1956 amounted to 222, 500 metric tons, which was a decline of 38% from last year due to unfavorable weather in Hokkaido, while imports during the marketing year (July 1955 to June 1956) amounted to merely 75, 507 tons, but only 5, 355 tons were imported from the U. S. compared to 31, 438 tons from Burma and 36, 084 tons from China. Increased imports are scheduled for the current marketing year.

Before our market opened this morning there was not too much to guide it. We heard that CCC had sold exporters 460, 000 bu of #2 yellow corn via the Atlantic and 450, 000 bu of #2 yellow corn track Gulf. As an offset to this, the country selling was rather small, while news from the Argentine suggests that the possibility of a bumper or even a large corn crop is not likely. Part of the crop has already suffered a good deal due to drought conditions during December and the first week in January when it was extremely hot. Much will depend on the amount of rain that falls during the balance of this month. Some extremists forecast a loss of 2 to 3 million tons of corn due to adverse weather.

According to official Washington advices, the number of cattle and calves on feed January 1st amounted to a record of over 6 million head. This compared with the five-year average of 5. 2 million head.

Cold weather now prevails over most of the European countries and some fears are expressed that the snow-covering is inadequate. Thus far, however, there are no indications of serious effects upon winter grains. A general snow would be welcome for protection and lessening the threat of alternate freezes and thaws. Winter wheat in France is said to be favorable with a pretty good increase in acreage as compared to last year. But in that country, also, cold weather and insufficient snows are causing some concern. There have been beneficial rains in India, which have effectively broken the drought.

Here at home the weekly state reports are of about the same tenor. In Nebraska snowfall was too light over much of the state to bring any improvement in the soil moisture situation. In Kansas, wheat showed little change, but the crop is generally in a dormant condition and plants are frozen down affording little or no protection from wind erosion. Most areas of the state received some snow during the week, but the amounts were generally too light to be of material benefit. It will require timely and substantial moisture from this time onward. In Oklahoma, cold weather during the week retarded growth of small grains. Very light freezing rain and sleet fell generally over the state about a week ago, but the amounts were light.

Korea has received allocations for $7. 5 million of wheat and $1. 1 million for barley. Formosa received $3 million for wheat, all of which indicates that there is a fair business still in the offing.

Primary receipts of wheat were rather light at 846,000 bu, compared with 1. 1 million bu last week, and 1. 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 94,000 bu.

Trade was not heavy, but there was firmness in July wheat, due to reports of dust blowing around Salina and Wichita, Kansas. However, marketsgenerally acted tired, and even new-crop futures reacted when old-crop months declined. Corn prices failed to hold in spite of some export business that was reported. Continued selling by government naturally is discouraging. Beans were quite weak, and after the oil business to Spain had been completed there was some liquidation. It was said that concessions in price had been made, but in any event stop-loss selling in bean oil brought weakness to that commodity, and there was some commission house and local selling of beans. Rye, which had been so strong yesterday, also turned weaker.

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CHICAGO, 4 Jan. 18, 1957.

In the rural communites, such as we had one hundred years ago, the American economy was much less complex than it is today. There were many isolated pioneers who produced about enough for their own needs, did their own building, and were, therefore, less dependent upon others. Such an individual anticipated his future wants in advance just like a squirrel which gathers and stores nuts for winter. There were fewer pricing problems because little money was meeded for the exchange of goods or services. This is not to say that there were never troubled times, for on occasions the fishing was not as good as had been expected, or the weather was not favorable for the growing of corn. Perhaps in winter this pioneer changed his mind about what he wanted, wishing that he had provided more venison and less corn, or perhaps his wife wished that the cabin had been fixed up a little better even if it had been at the expense of hunting. Possibly, too much food was stored and some of it spoiled, but he had only himself to blame for bad judgment. In the more complex economy of today similar events occur, but when mistakes are made one can blame others for not having guessed the weather or for having provided either too much or to little. However, the objectives in both cases are the same:-to try to adjust as promptly as possible and to go on with production and living. Thus the task today is performed by prices that are free. When prices are high less of a thing is wanted than when lower or even bargain prices prevail. Conversely, more of a product will be produced in anticipation of high prices.

From these premises it follows that the quantities available, as well as the quantities wanted, operate like the two ends of a seesaw. A rising price brings down the wanted end and pushes up the offered end, while a falling price brings down the offered end and pushes up the wanted end. Our economy was certainly more stable before we resorted to price supports, which stimulated heavier production, or price ceilings during wartime, which created a demand for more goods than were available and thus caused hoarding. It should be obvious by now that only when the seesaw is on the level or at the point of the free market price can there be real equity. This is the only system that czn ever have genuine economic merit. It is no different from the law of physics where water seeks its own level. In the long run prices have and will continue to find their own level through the innumerable decisions of individual buyers and sellers.

Weather continued rather cold throughout the country with moderation in temperatures reported in some sections but another cold wave is expected by Sunday. Meanwhile, there is no moisture in the drought-stricken areas of the Southwest. It is difficult sometimes to bull markets repeatedly on the same news. Everyone realized that the outlook for winter wheat was bad long before the President embarked on his recent tour.

The government sold a total of 490,000 bu corn overnight but rejected bids on barley. We also heard that a cold wave had gripped France for the second day and that no relief was in sight.

Primary receipts of wheat today amounted to 940,000 bu; this compared with 1.1 million bu last week, and a little over 1 million bu last year. Kansas City and Minneapolis stocks show a total decrease of 207,000 bu. When the visible supply is posted on Monday it will compare with a decrease last year of 1 1/2 million bu.

Trade was not as heavy as yesterday, but wheat prices were rather firm, particularly the new-crop months, due almost entirely to weather conditions and reports from the Southwest. There was a little scattered flour business reported and inquiries were somewhat better. Probably concern over the growing crop is affecting flour business, but still there is no substantial pickup. There was some local buying of oil today, although some of the analysts are becoming a little more conservative, feeling that present supplies are adequate, and some point out that exports are lagging. Nevertheless, beans were influenced by the small rise in oil prices, and the close was higher. There was not much feature to the corn market, outside business was light. The U K and the Continent both bought some small parcels, but government selling makes up for the small offerings from the country.

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CHICAGO, 4 January 21, 1957

There was nothing important in either the general news or weather reports that came to us over the week-end. In parts of Kansas there was a little light rain, hardly more than a trace in some spots, while elsewhere they reported dust blowing. Chances are that we shall have a fair amount of precipitation in the Northwest, also in the Central States, and there may be some good snow or rain over most of Nebraska, which may extend to northern Kansas, but there is great doubt whether it will penetrate farther to the South. Thus weather is still not what we would call favorable but so many places on the map were earmarked for moisture that we presume this was the reason for some of the selling early this morning, particularly as markets had advanced last week on drought news.

Later in the week we shall have some figures showing the stocks of various grains and of soybeans in all positions. It will be most informative on beans as a good many people have reasoned that with the amount left on farms somewhat disappointing, the first quarter disappearance may have been heavy. We had 169 million bu of beans on farms at the beginning of the year, which was about 45% larger than the year-ago level. The fact that production last summer was 20% above the previous year made this possible. Some people in the trade had reasoned that there would be a holding tendency on part of farmers, despite the fact that in recent weeks beans have been bringing farmers about $2.35 to $2.40 per bu, which was about 5 to 10% above a year ago. Bean prices normally reach their seasonal peak in late spring or early summer at a level about 20 to 25% above their harvest-time low. With a record of this kind it is not surprising that farmers are somewhat reluctant to sell too heavily at the beginning of the season, except that this year the crop was so big that it was difficult to hold everything back. A year ago prices ros steadily after harvest to around $3 in late April and May, but history does not always repeat itself, and this may be a year similar to that of 1954. In that marketing year prices reached their peak in early winter and then declined during the spring and summer months. We still believe that unless utilization increased markedly, the bean carryover next fall may be a record.

Figures were published showing exports of wheat and flour for December and they were at a record level of 43 million bu, which was nearly 10 million more than the November shipments and more than double the 20.5 million exported in December 1955. The total from July through December was 236 million vs 121 million the year before. Exports of corn during December are estimated at 17 million bu, and this, too, is quite an accomplishment, with the large amount of feedstuffs in Europe. Total corn shipments from October to end of December were about 45 million bu, which was more than 10 million larger than the season earlier. Soybean exports totaled 36.7 million bu compared with 34.7 million last season. In view of the much larger crop this is not a good showing.

Chicago wheat stocks decreased 182,000, which still leaves nearly 10 millio bu in Chicago, including 735,000 afloat. Corn stocks increased 441,000 bu to a total of nearly 17 million bu in elevators plus 526,000 bu in boats. Rye stocks increased 146,000 bu, but was offset by a decrease of close to the same amount in vessels. There was no change in beans, but we heard today that a larger quantity will be ordered out by a processor that was acquired through tender.

Markets, generally speaking, were on the weak side after some hesitancy and strength early in the day. Despite the large commitment that we had with Brazil, Broomhall tells us that Argentina has sold 150,000 tons of wheat over the week-end to that country, which is a rather sizeable quantity. Brokers who often represent Northwest elevator interests, were sellers of May beans, and we think it was the weakness in beans that influenced oil prices. Some hope is expressed that now that the ice has been broken and that some cotton business was worked to Poland that it might be followed by the sale of oil and fats to that country. In today's decline, old crop wheat futures went down about the same as did the new, an as we stated last week, markets acted a little tired; therefore, this may be a correction, but unless weather is more favorable than is indicated by the map, we would feel that wheat can still be purchased on declines. We continue to favor new crop deliveries. Last week CCC corn sales were 11,374,000 bu, including 6,672,000 bu for export.

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CHICAGO, 4 January 22, 1957

The 1956-57 wheat export season promises to be one of the largest in our history, although it will not reach the big figures of 1947-48 and 1948-49, which averaged about half a billion bushels. Nevertheless, there are some who believe that our total wheat and flour shipments may reach a goal of nearly 450 million bu, but despite this there is some doubt as to whether more than 200 to 225 million bu will come out of private stocks. First of all, the export business was not returned to private hands in time to permit business when the season started in July. In fact, there was a delay of about 2 months before operations were turned over to the grain trade. Everyone had figured that since previously most of the exports came from government stocks, the sales of wheat by CCC would diminish considerably, but taking the figures for the first 6 months of the crop year, we find that sales of wheat, corn, and oats by commodity have been above the comparable period last season. This was offset to some extent by smaller sales of barley, grain sorghums, and flaxseed, which were cut sharply. Sales of wheat for export or domestic use by governmental agencies during December totaled 11.7 million bu. This brought the total for the first half of the season to 132.3 million bu compared with 111.4 million, the first half of the 1955-56 season. This year's wheat sales did not include the sales of wheat registered with CCC under the "payment-in-kind" program, which totaled 143.3 million bu in the period from September 4th through January 3rd. We think that since that time, the figure may possibly have grown to 165 million bu, but even taking only the smaller figure, it would mean that about one-third of the wheat would come from government stocks, or, roughly, 47 million bu. Some of this wheat represented by scrip certificates is still to come on the market, but it shows that the government activity has been big. Of CCC wheat sales during the first half of the season about 13 million bu represented domestic sales or domestic donations; 59 million went for export or transfers. Then there was 56 million bu involved in international barter, while 4 million bu came under export donations. We have also been calling attention to the government activities in corn and during the first quarter of the season, there was a sales increase of about 7 million bu over the year before; a fair percentage of corn went into domestic use, while 7.5 million bu was for the emergency feed program, and only 8 million bu for export, although there was an additional 7.6 million bu international barter and a little less than a million bushels for domestic donations.

Before our market opened this morning there was news that the Continental Grain Co. Elevator "B" had been completely destroyed by fire. There may be some salvaging operations but the building is still smoldering at this writing, and it appears to be a complete loss. We believe the elevator contained a fair percentage of beans and there were some hedges lifted by the Company in the January future, which gave us a sharp rise at the opening. There was also a fair amount of wheat purchased and possibly 600 to 700,000 bu corn. Some of the corn purchases, however, may have been against some export business, as Austria took 3 cargoes, although we understand there was over 500,000 bu of corn in the burned elevator. There were also some oats in the structure and a little rye, so that altogether about 2 1/2 million bu beans and grain were involved. To top this, there was a sharp increase in spring flour sales on what was termed "mill price concessions," while hard winter business reached moderate to liberal volume on expanded selling efforts over the week-end. This, according to The Southwestern Miller, was also encouraged by price shading.

Primary receipts of wheat amounted to 1.1 million bu, which was a little less than last week, and about the same as last year. KansasCity and Minneapolis stocks so far this week show a net decrease of 254,000 bu.

Beans were strongest during the first hour when some hedges were covered. The bulge, however, did not hold, and even the January futures reacted, despite the loss of about 1.2 million bu by fire here in Chicago. Wheat prices failed to hold a moderate gain, in spite of the fact that India is asking for offers on 6 cargoes of West Coast wheat, and France seems to be in the market for 7 cargoes. There was a little moisture in western Kansas, with more liekly. Temperatures are expected to drop materially. A variety of weather is forecast, but even some precipitation now cannot make up for the heavy deficiency which exists. Rains of more than one inch were reported yesterday and last night from eastern Oklahoma through Arkansas, southern Missouri, and Illinois. After exporters had bought futures against corn business, the market declined.

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CHICAGO, 4 January 23, 1957

This is the calendar period when more often than not in normal times we have had price declines in wheat, and there were generally a number of reasons why this was the case. First of all, it was prior to the period when crop scares made themselves felt. Secondly, some of the mills closed down for inventory and were not particularly anxious to take on new supplies; and lastly, but often of greatest importance, was the pressure from Southern Hemisphere which interfered with our normal export sales. Before the government handling of wheat and their interference in export markets, we generally did 70% of our foreign business during the first 6 months of the crop-year, so that by January the new business often dwindled to small proportions. On the other hand, when we came into the period of crop scares during March, the market received some impetus from the fact that there was some forward business in sales to Europe and a good many hedges were taken out of the pit in anticipation of actual shipments during July and August. This business, however, is of a different nature now and neither Europe nor Asiatic countries are buying so far in advance, so that the market has been missing that support through export purchases of futures.

As matters now stand, the Australian crop is estimated at only 126 million bu compared with a yield the previous year of 195 million bu. However, with a fairly large carryover supply, they should still have an exportable surplus of 140 million bu, while a big crop in the Argentine, coupled with a somewhat smaller reserve from other years, gives them an exportable surplus of 169 million bu. The two countries together thus have 309 million bu available for export and next carryover compared with 356 million bu last season; consequently, the comparative showing is not too bad although it is somewhat worse than if we projected it against the supply situation in those countries two years ago. There has not been much pressure from Argentina although recently we heard of some fairly large sales to Brazil, and they might have been greater had it not been for the contract which we made with that country for sizeable shipments under a pact by which we accept foreign currencies. During the past few days Yugoslavia bought 6 cargoes wheat, including 4 from the gulf and 2 that involved soft wheat via the Atlantic. With the large amount of scrip which exporters hold, there is not the large demand from free stocks, and we are afraid that the same condition will continue for another month or more, as there is said to be at least 40 million buof government wheat that will be returned to the free supply under the "payment in kind" program. Speaking of Argentina, that country had a very large rye crop officially estimated at more than 42 million bu compared with only 25.7 million last year. Their barley and oat crops were also very much larger, and according to official estimates there should be 18 million bu more barley raised than the year before, while the oat crop looks to be about 27 million greater. This year's figures are also quite optimistic compared with the size of crops two years ago. We learned this morning that CCC had sold exporters a total of 630,000 bu corn, and this continued selling has tended to keep the price of corn relatively cheap. The corn-hog ratio in Chicago is 13.4, which is quite an improvement over last year when it was only 9.0.

Primary receipts of wheat today amounted to 933,000 bu which compared with 967,000 bu last week, and 908,000 bu last year. Minneapolis and Kansas City stocks so far this week show a total increase of 54,000 bu.

Trade was on the light side, and there was nothing very new in the situation. There had been some light moisture in the Southwest, but outside of Kansas City where 4 inches of snow fell, we saw nothing of any consequence. There is a chance, however, that there will be up to 1/4 inches of precipitation over parts of Oklahoma, and it may also extend into Kansas and Nebraska, according to the five-day forecast. Nothing is indicated for western Texas.

Other grain news was without much color. There was a fair amount of local buying in corn, which was the main feature in that pit. Israel bought one cargo of #2 yellow corn for shipment by January 28th. Beans were on the firm side, as there was not much pressure after yesterday's liquidation. A little selling of soybean oil by locals came after a report was circulated that Argentina had removed the ban on exports of sunflower seed oil from that country. Flour sales slowed up after a recent spurt, and we heard that the cargo of red wheat sold to Yugoslavia for shipment via the Atlantic figured back to about the Chicago March price FOB cars.

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CHICAGO, 4 January 24, 1957

Secretary Benson pointed out in a speech yesterday at Las Vegas that our agricultural industry can have a bright and enduringly prosperous future. The hope for this lies in making our production and marketing even more efficient, in broadening our market outlets, and in expanding and intensifying the application of science and technical skill to increase the output per man to still higher levels. This calls for policies that will stimulate and encourage individual initiative and enterprise. After the many artificial programs that have been applied, he realizes that economic problems can be solved only by the application of economic remedies. In the meantime, however, even with the subsidies that have been paid, prices to importers have been kept fairly high. This has all resulted in countries with deficient crops attempting to attain a higher degree of self-sufficiency either by expanding acreages or getting higher yields per acre. On the latter we have shown them the way and have encouraged scientific methods and better seed to accomplish this. In order to maintain satisfactory markets in the importing countries, there has been some control of imports, and foreign governments have guaranteed minimum or fixed prices to growers in order to give them greater encouragement. Meanwhile, exports of grain by foreign competitors at prices lower than the U. S. support levels has been a drain on our Treasury, as we have had to meet prices in an effort to do business, and in many cases we have even been compelled to accept foreign currencies from countries that were short of dollar resources. Because of the tight shipping situation and higher freight costs, our problems have also increased but despite all this we have made every effort to develop and expand outlets in world markets and in most cases have shown a willingness to meet buyers' needs.

During the present season there were many factors in our favor. The disappearance of France as a wheat exporter was very helpful to us; actually they have imported. Only token exports from Turkey due to a smaller crop in that country also helped us. Besides this the availability of surpluses in Soviet Russia and East European satellite countries was unimportant, although the USSR has known export commitments of 1 million tons wheat. The fact that many of the importing countries wanted to build up reserves of grains in the event of hostilities was also a factor, while the steady upward trend in population continued at the same time that industrial activity prospered, so that consumers' purchasing power was satisfactory in many of the grain importing countries. In some of the less developed regions of the world, especially in the Far East and Latin America, there were increasing demands for food and grains, and the upward trends in livestock numbers also created a better demand for feedstuffs. All in all, we never could have accomplished what we are doing by way of wheat and flour shipments except for the various special export programs authorized by Congress.

The weather map was definitely better, indicating some moisture for the Southwest, and it is difficult to tell how much rain or snow may fall but indications are for at least some relief. This gave us a lower opening in wheat. Most of the export business reported was via the Pacific Coast, Formosa having taken 2 cargoes of white wheat and India 4 cargoes of western white wheat. Portugal was reported the buyer of 2 cargoes of hard wheat, which will probably be shipped either from Atlantic ports or at the gulf. In flour circles foreign business was draggy, with only a few scattered lots to the Americas but little or no business to Europe. Weather in Europe is milder following a cold spell, while moisture is satisfactory, although wide areas would welcome a snow blanket for protection against possible cold weather.

Primary receipts of wheat were a little over 1 million bu, which compare with 846,000 bu last week, and 1.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 34,000 bu.

Markets were mostly on the weak side, although the trade was of light volume. A few reports came in during the session reporting snows but in most cases they were extremely light. The Department of Agriculture claims that there are 2.7 million acres of land in the Great Plains states that have been damaged by soil blowing, and another 29.4 million acres are in condition to blow, which compares with 573,000 acres damaged last year and 20.6 million in condition to blow. In spite of this, new-crop wheat futures were weaker than the nearbys. There was a sharp break in rye with liquidation and stop-loss selling. Corn was firm and CCC selling was very moderate overnight. Beans were higher at

one time, but the market did not hold and all futures closed weaker. The March delivery showed comparative strength. The same was true of November.

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CHICAGO, 4

January 25, 1957

The price support program on wheat has been available to farmers from the time of harvest, but will expire on the last day of January. This, of course, is for the current season. Maturity dates of price supports will be the end of February in certain states, while elsewhere it will be March 31st. The last figure we had on wheat impoundings showed 225 million bu as of December 15th, but redemptions at that date were very heavy. It will be interesting to see what the new figure is when the government publishes it. Once a default takes place and supplies fall into government hands, there is a law by which Uncle Sam can sell the wheat domestically at 105% of the support rate plus carrying charges. In view of the fact that some of the government wheat was taken over from farmers at an earlier period, the charges have been accumulating, and, therefore, there has been only a nominal amount of wheat which had been returned to the freemarket.

On July 1, 1957, the sales program will start on a fresh basis, and accumulated charges will be erased so that a new price determination will be made. As near as we can tell, the government will then offer wheat in Chicago at about $2.43 per bu, basis #1 grades. This represents the legal minimum price plus 12¢ per bu for 105% of the support rate, which we are assuming for the moment at the level of last year's loan program. It is, of course, a minimum figure and should parity prices advance, there would be corresponding increases at the level on which government wheat would be offered. The selling price at Kansas City for #1 hard wheat would be the same as Chicago, while #1 dark Northern spring at Minneapolis would be 3¢ higher. On basis of July wheat here in Chicago, it can thus be seen that offerings of government stocks even after July 1st cannot be very attractive except possibly in the case of some premium wheat, which would probably not be a significant factor. In most cases even the new government offering price would be far enough above market levels to deter such operations. Of course, there is the chance that July wheat both here and in Kansas City might rise later on if crop prospects for winter wheat should show any deterioration, or even if it looked as though the low yields now indicated for Kansas, Oklahoma, and Texas might be borne out.

We have gone into this at some length because a great many people are of the opinion that new-crop futures should sell at big discounts under old, and we question the wisdom of such philosophy unless prices should advance to a level to make it more advantageous to market than to place the next crop under loan. Last year the government's price reductions on July sales from the June levels averaged about 40¢ a bu for wheat. Of course, at that time there was not only the automatic changeover whereby accumulated charges were erased, but it also reflected a drop in the price support rates, which should not be a factor in the coming season. However, even a year ago government selling was of rather moderate proportions.

According to Broomhall, wheat and flour exports since last July totaled 266 million bu, or nearly twice as much as the 134 million bu that cleared a year ago. Shipments of the past week were nearly 8.8 million bu. CCC sales of corn overnight were quite heavy and amounted to 1,130,000 bu.

Primary receipts of wheat amounted to 1.1 million bu, which compared with 940,000 bu last week, and 1.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 90,000 bu. When the visible supp of wheat is posted on Monday it will compare with a decrease last season of 4,876,000 bu.

Trade was extremely dull today, there were no important features, but first quotations in wheat were lower on the possibility of some moisture over the week-end, and apparently there had already been from 1 to 2 inches of snow since yesterday morning in northeastern Kansas, northern Missouri, and Iowa. Thus far the relief has not amounted to much, and some of the previous forecasts, which were reasonably optimistic, have not found fulfillment.

The wheat crop in Argentina is estimated at 262 million bu vs 191 million last year, and 282 million two years ago. Based on this official estimate there should be a substantial exportable surplus, probably around 180 million bu including carryover.

A substantial volume of hard winter flour business probably helped steady the market New crop futures reacted a little following recent declines. After all, winter wheat seedings for the 1957 crop are only 36.8 million acres, which is the smallest since 1913, and nearly one-third less than average. Beans were without particular feature, but sh

particular feature, but showed some recoveries on week-end evening up. March and May corn had only 1/4¢ range during the whole session.

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CHICAGO, 4

January 28, 1957.

The government report issued on Friday showed that stocks of corn and soybeans as of January 1, 1957 were at record levels. Corn stocks at 3.4 billion bu and soybean stocks of 330 million bu exceed the previous record by 11 and 20%, respectively. Stocks of feedgrain --corn, oats, barley, and grain sorghums - add to a total of 121 million tons, the largest in the twelve years for which comparable datesare available. Stocks of 1,487 million bu wheat stored in all positions on January 1st were the second largest for the date in the comparable series beginning 1935, and the total is 5% smaller than the record holdings a year ago, but 54% larger than the 1946-55 average. The stocks total was nearly 50% larger than the 1956 production, reflecting the record large carryover of old wheat on July 1st, a large part of which was government-owned, but reflects the first decline in total stocks from the previous year for any quarter since 1952. Current stocks are less than October 1, 1956 by 310 million bu, and reflect the largest disappearance during the October-December quarter since 1948. Of the off-farm total nearly two-thirds was either CCC-owned or was warehouse stored wheat under government loan.

Stocks of soybeans in all storage positions on January 1st amounted to 330.3 million bu, the highest on record for the date and compare with 274.8 million bu on January 1st last year. Farm, interior mill, elevator, and warehouse stocks account for all of the increase. Stocks at terminals and in processing plants are both less than a year earlier. Stocks of corn in all storage positions were estimate at 3,416 million bu. Of this total 68% was on farms, an increase of 116 million bu from a year ago. Quantities in CCC-owned bins at 670 million bu were up 87 million, while stocks in interior mills, elevators, and warehouses at 322 million bu were 109 million above January 1st last year. Corn under loan to or owned by CCC accounted for 36% of current stocks compared with 30% on January 1, 1956. From the October 1st supply of 4,247 million bu (as grain), disappearance during the October-December period is indicated at 830 million bu vs 836 million bu during the same period a year earlier.

USDA in its Foreign Crops and Markets Review reports that world production of fats, oils, and oil bearing materials in calendar 1956 is estimated by the Foreign Agriculture Service at 30.5 million short tons, oil equivalent. This volume of oil establishes a record high for the third successive year, and with this substantial increase in output, per capita supplies are slightly higher than the prewar level. Production in 1956 is estimated to have increased from 1955 in all of the five categories of fats and oils: namely, edible vegetable oils, palm oils, industrial oils, animal fats and marine oils, with the most significant increase in the edible and industrial oils groups. Edible vegetable oils production from raw materials grown in 1956 is forecast at almost 9.9 million tons, about 8% more than the output from 1955 groups. The substantial increase foreseen in olive oil output in the Mediterranean basin accounts for a sizable portion of the expected overall expansion. Despite earlier fears that the widespread freeze of last winter would result in a serious cutback in olive oil production in Southern Europe, large increases in Spain, Greece, and Portugal will more than offset declines in Italy and France.

When markets opened beans were firm both in sympathy with the higher oil market and the slightly bullish interpretation placed on the government report of Friday, since total supplies were indicated at somewhat less than had been anticipated. Other grains, however, were lower, wheat being influenced by the lack of export business, as well as some reports of moisture, although the amounts received in the main producing areas of the Southwest were quite scattered and light. Government selling of corn continues; fairly heavy quantities were sold over the weekend, with 2 3/4 million bu being sold for export at gulf positions. Later in the session it was reported that shipping instructions given earlier on large quantities of beans to be moved out of Chicago had been cancelled, and liquidation took place in the pit. Rye was also under pressure, and we note that the CCC non-committed inventory of January 16th was the same as the week before, indicating that the Agency had not disposed of any supplies during the past week.

Chicago wheat stocks showed a decrease of 425,000 bu, leaving 8.8 million bu here, plus 765,000 bu afloat. Chicago corn stocks increased 67,000 bu, making warehouse stocks here almost 17 million bu. Beans decreased 1.4 million bu, leaving 5.8 million bu in this market, plus 252,000 bu afloat. Primary receipts

of wheat today were about 2 million bu compared to 2.6 million bu last week and 2.1 million bu a year ago.

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CHICAGO, 4

January 29, 1957

We understand that Secretary Benson is likely to recommend a more modern base period for computing parity. The present one that is used for most commodities, covers the period from 1910-14, when most products were in good balance insofar as purchasing power of the farmer was concerned. It is certainly outmoded, as times have changed since World War I and yields have increased sharply. If the formula had been put into effect so that the products of an acre of land would be weighed against the items which farmers bought, it would certainly be a more constructive method of trying to bring farmers into balance from point of view of reestablishing their purchasing power. However, modern farming methods and techniques have increased the returns to such an extent that it is just not a fair computation to weigh every bushel of grain against the items that farmers purchase. For example, from 1910-14, the so-called "base period", the average yield of whea in this country was 14.2 bu per acre. In 1956, the return was 20 bu per acre, and thus it can be seen that the present ratio is no longer a true computation. In corn during the base period farmers received 26.04 bu per acre, while last season the yield was 45.4 bu per acre. To a lesser extent the same is true of oats. They yielded 29.38 bu per acre during the so-called "Golden Era" while last summer even with a crop failure in oats we averaged 34.3 bu per acre, indicating clearly that with better use of seed and hybrid varieties in corn, not to speak of fertilizers, etc., farmers are getting much more from an acre of land than ever before in history.

This has come about also by virtue of the fact that a billion dollars is being spent yearly for commercial fertilizers of various sorts. American farmers are now spending thirty-five times as much each year for commercial fertilizers as they did seventy-five years ago. In 1879 there was only $28.6 million spent annuall for fertilizer, and knowledge of the great advantages to be derived were virtually unknown at that time except by a few farmers who were probably students of the situation. 1954 was the last census report on this matter, and we find that consumption of fertilizers was almost 19 million tons, and commercial fertilizer was used on 123 million acres of cropland and pasture. Thus it can be seen that throug education almost every farmer who is a student of conditions has come to know the value of the proper application of nitrogen, phosphates and other chemicals, to improve not only the condition of his land, but the output of his product. The use of lime and liming materials alone in 1954 was double the amount that had been applie in 1939, and chances are that this same trend will continue as more and more farmers discover the great advantages and benefits accruing to them.

Overnight weather did not indicate that much moisture had fallen, but, nevertheless, markets were weak and the carryover feeling from yesterday was a little bearish. One broker in particular, with industry connections, bought May corn early. It was also reported that Austria had purchased 2 cargoes U. S. corn, and Israel 1 cargo, while Germany and the U. K. bought a few parcels of beans. On the other hand, CCC sold exporters 240,000 bu No. 2 yellow corn, track gulf, at $1.35 1/8, which is, indeed, a cheap price.

Primary receipts of wheat amounted to 1.2 million bu, which was a little more than last week, and also somewhat more than last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 44,000 bu.

The wheat market was rather indifferent, and the nearby months suffered th most decline, which may have been due to reports we had from the Seaboard that offers from Argentina were about 10¢ below our Atlantic prices. The comparison, however, with Gulf prices is not quite as bad, but in any case, Liverpool March wheat closed 5¢ per bu lower, and the May was down 3¢, probably feeling this pressure. Yesterday the open interest in both wheat and beans declined about 3 million bu, showing there has been liquidation, and there is still not too much confidence i wheat, despite the fact that weather and crop reports are not favorable. The summary on conditions for the past week would indicate that recent rains have been far from sufficient. We, therefore, believe that when some of the present liquidation runs its course that new crop wheat futures should do better. Meanwhile, it is extremely slack in the flour market, and not much business is passing. Corn was helped today by the proposal from Secretary Benson outlining his new corn program to Congress for a looser control and price supports ranging from 70 to 90% of parity during the next three years. While not stating definitely, it is understood that if the program is adopted he would support the 1957 corn crop at about $1.36 per bu. Beans recovered a little, and during the recent decline the products have held relatively better than beans. Today's market was rather thin at times and it was difficult on occasions to trade.

UHLMANN GRAIN CO.

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CHICAGO, 4 January 30, 1957

There was a little moisture overnight in the Texas Panhandle, both Lubbock and Amarillo reporting a trace, while some light snow fell at Enid, Oklahoma, but there, too, the amount was hardly enough to be a factor. There can be little doubt of the seriousness of the prolonged drought over large areas Southwest. It is seldom that a President tours those territories and asks Congress for $76 million for aid in the districts. It is even more accentuated owing to the fact that fall plantings fell far below the normal by about one-third, and total seeded acreage was the smallest since 1913. We admit, of course, that while there are moisture deficiencies in the Central States, these may be made up and we could still get a reasonable crop of red wheat, but altogether if the yield of winter wheat is no greater than 625 million bu, we are bound to make inroads into our accumulations starting next season. There seems to be some chance for moisture according to the five-day forecast. Amounts will be less than one-tenth of an inch in western Nebraska and may range from 1/2 to 1 inch for southeastern Oklahoma. As for west Texas there is some occasional rain forecast by Sunday but no amounts are suggested. It is rather peculiar that when it has been dry for a long period, it takes more than just a low barometer to change the general weather composition.

The market started out on a rather firm basis as some export business had been expected with Greece, although there was no sign of any hedge lifting in the early dealings. Soybeans, which had been very strong yesterday, encountered a little profit-taking and opened lower. The value of the 1956 crop is now estimated by USDA at over $1 billion; the highest previously was $830 million for 1955. Ther are those who believe with 50.8 million bu beans in the loan, which is more than double a year ago, and relatively small redemptions of only 1.8 million bu that somewhere along the line old-crop beans will have to sell at a price sufficiently high to encourage further withdrawals from the impounded stock. The farmer has only until January 31st to avail himself of the loan, and the last figure we have of amounts impounded was as of December 15th. Illinois still has the largest farm holdings of any State, with 46 million bu still back in the country. Minnesota has 27 million and Iowa 26 million. Thus there are fair amounts still to come forward anc it is difficult for us to see any sustained strength, particularly since a high level of price would surely bring a large supply back into normal marketing channels.

The weekly state reports were much in line with what we have heard recently. In Nebraska there has been severe damage from soil erosion and almost everywher snow cover is light, offering little protection from cold and wind. In Kansas prospects continue to be bad as the dry, cold weather persists. Subzero temperatures during the past week caused additional damage to unprotected wheat and to the fall-seeded crops. However, most of the northern half of the State received enough snow the latter part of the week to provide some cover. Even there it was barely sufficient.

Primary receipts of wheat today were quite light and amounted to only 787,00 bus; this compared with 933,000 bu last week, and 831,000 bu last year. Kansas City and Minneapolis stocks of wheat so far this week show a net decrease of 109,000 bu.

During the session there were reports of snow at several spots in Kansas, such as Wichita and Independence, also snow at Amarillo, Texas. Our Enid, Oklahoma office wired that it had been snowing there since mid-morning, and that moisture reports came all the way from Woodward and Alva, with a forecast for some heavy snow over the entire northwestern part of the State, and the northern plains of the Texas Panhandle throughout the day and tonight. All this, of course, had some influence on markets, although Kansas City wheat futures held relatively better than we did.

Broomhall commented that the six cargoes of wheat offered to Greece last night were for acceptance Thursday, so there might be some business from that source tomorrow. In fact, we believe 4 1/2 cargoes are already booked.

more In the meantime, flour business is rather slow. The bakery trade seems to b /heavily booked at this time than for several years, and there is not much inquiry e pected for the immediate future. Much of the recent buying has been for prompt shipment. Russia is exporting some wheat, and for the week ended January 25th they cleared 1.3 million bu, of which the bulk was destined to Egypt under an earlier contract. Beans were rather weak at one time, and there was some local selling, as well as liquidation by a large commission house. However, good recoveries occurred after the pressure let up. Corn was without much feature.

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CHICAGO, 4

January 31, 1957

As we have pointed out in these letters on a good many occasions, the heavy exports of wheat and flour which are being reported weekly are due in a large measure to the efforts of our government to get larger quantities into European and Asiatic markets, plus the fact that the French crop last summer turned out badly, and that country, which traditionally had been an exporter, suddenly found herself in the position where she had to buy wheat from other countries. This coupled with the fact that Turkey also had a poor crop made it easier to do business in Europe. Chances are that for the season we shall export anywhere from 425 to 450 million bu of wheat, which would compare with 345 million the year before. While this is a favorable factor, it still looks as though the carryover supply at the end of the crop season would be in the neighborhood of 1 billion bu, so thus far we have not made much headway in cutting into the accumulated surpluses. One year hence, however, we think that this picture will change materially, even though European countries are probably destined to be better off than they were the season earlier.

According to Broomhall, there have been alternate periods of cold and mildness on the European Continent. Nevertheless, reports of any serious effect has not been discerned by observers who continually are apprehensive because of what happened last year at this time. It is now mild in France, with some frosty conditions and partial snow. The wheat crop, however, is in excellent condition, and good yields are expected , provided there are no sudden or severe frosts. The principal factor at this time is snow protection, which was lacking a year ago, and which brought about much of the damage when temperatures dropped to almost unprecedented lows. In Italy conditions are mostly favorable. Even assuming, however, that we shall only export about 350 million bu in the season ahead: namely, (1957-58 crop-year) this, together with 600 million bu of wheat consumed at home, would probably add up to a larger figure than the amounts that we are apt to raise next summer. Thus for the first time in a number of years, we see the possibility of dipping into reserves. We feel that in order to do this there will have to be a fairly high price level in order to bring some of the government wheat back to commercial channels.

It was reported this morning that Israel had bought 2 cargoes of hard wheat via the Gulf, and the business from now on will depend on several factors. First, much depends on the Atlantic subsidy versus the one the government makes at the Gulf, as to whether shipments will affect wheat stocks here in Chicago. Secondly, with probably $100 million worth of scrip in the hands of exporters it remains to be seen how much wheat in the immediate future will be taken out of private stocks, as a good percentage of the foreign trade may come from government holdings.

There was some nice moisture overnight in the Texas Panhandle, the heaviest occurring on the North Plains with nearly 1/2 inch at one or two spots. There was also 2 inches of snow at Salina, Kansas, and 3 inches at Kansas City, but not much in the central or western areas of Kansas.

Parity prices issued late yesterday as of January 15th showed an increase of 3¢ per bu from the previous month in wheat. If the loan is based on 82 1/2% of parity, this would be $2.05 farm basis on a national average. On the other hand, if it were established at only 77% of parity, the loan would be $1.92 national farm average.

CCC we understand rejected all corn bids FOB Atlantic, and there was nothing sold at the Gulf.

Primary receipts of wheat today amounted to 824,000 bu compared with 1,069,000 bu last week, and 940,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 43,000 bu.

Markets were rather on the quiet side, but in today's decline March, May and July corn made new lows for the season. Professor Hieronymus of the University of Illinois, issued a rather pessimistic statement that the corn problem was getting worse faster this year than in other years of increasing stocks, and called attention to the fact that production exceeds use. The lower corn support rate in his opinion was one of the most encouraging long range factors. Wheat prices fluctuated within a fair range, but best prices did not hold despite some export hedges that were lifted. According to Broomhall, total wheat and flour shipments since July 1st have amounted to 275 3/4 million bu vs 139 million bu a year ago. The bean market deveoped weakness, and according to some reports conditions in the Suez Canal are clearing up faster than had originally been anticipated. Today is the last day farmers may avail themselves of the loan except for corn. UHLMANN GRAIN CO.

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CHICAGO, 4 February 1, 1957

The farmer cooperatives did a net business last year of $9.6 billion, and the volume would have been a great deal larger if gross figures had been taken into the calculations. There are some 7,000 companies handling this trade, dealing not only in products of the farm and miscellaneous items, but they deal in meats and groceries, petroleum products, farm chemical supplies, and a number of other items too lengthy to list here, including building material of one kind or another. Thus what started on a rather small scale has turned out to be a very sizeable industry.

Our grain markets this morning were influenced by a bearish carryover feeling from the day before and the fact that the market yesterday had declined with such ease was naturally discouraging to holders. The weather picture has changed a little although precipitation in the Southwest has been extremely spotted, and it is not easy to formulate definite views as to how much recovery may have occurred. Parts of Texas are reporting rain or drizzle, but this is mostly in the east, while in the Panhandle district of the State there was not much moisture following reports that we gave yesterday. As for Kansas, there was practically nothing reported, although for all sections there may be some further relief, according to the 5-day forecast. If there was any export business overnight the number of hedges covered were rather meager. Of course, it must be considered that the exporters are holding large amounts of scrip and some of the business presently or hereafter transacted may be accommodated from government holdings rather than from free supplies.

New-crop wheat futures have shared the decline almost to the extent that have the nearby. All this despite the fact that farmers have sharply reduced seedings of winter wheat. According to the Crop Reporting Board, the amount sown for 1957 is down from 1956 by nearly one-fifth and is down from average by almost a third. Such reductions would indicate that farmers have weighed the drought threat in leading wheat states as well as the average reduction inducements of the Soil Bank Plan. Even if we should have normal weather conditions from this time onward, anything like a normal crop, at least in comparison with recent years, would be highly unlikely. Much wheat in the Great Plains has made only a fair start as of January 1st, and at that time it was claimed that much more moisture was needed to fortify plants and firm the soil against cutting winds. There are other large areas outside of the Great Plains where prospects are generally favorable. However, December snowfall was mostly light and more will be welcome not only for cover purposes and moisture, but to rebuild a deficiency which has developed. We shall also have to build snow packs in western mountains to replenish irrigation water supplies as moisture is critically low in much of the Southwest. The drought situation holds part of the answer also to the cattle outlook this year. If dry weather continues, slaughter will expand and prevent improvement in prices.

According to USDA the large supply of soybeans is expected to limit the seasonal rise in soybean prices in late winter or spring. They point out that the mid-December price to farmers of $2.27 was 16¢ above the year earlier and 20¢ above support. Meanwhile, of course, we have had some readjustments. They likewise point out in their thinking that the last bean crop would top the 1955 previous record by 75 million bu.

Primary receipts of wheat were a little over 1 million bu, which was slightly less than last week, but about the same as last year. Kansas City and Minneapolis stocks so far this week show a net increase of 28,000 Bu. When the visible supply is posted Monday it will compare with a decrease last year of 4 million bu.

Trade was rather large at times, and we had a continuation of liquidating markets, with wheat and rye probably the weakest, although all corn futures sold at seasonal lows. During the session there was a selling spurt when the House Appropriations Committee cut $26 million from the $76 million requested for farmers and ranchers in the drought stricken areas. They said that $20 million not needed now may be granted later if requested. Hardly any attention was paid to the Santa Fe crop report outlining the bad situation in the five-state area of the Southwest, but it claimed that unless conditions improved greatly in the near future that it was well within the realm of possibility that those five states might not produce as much as the 143 million bu which was raised in Kansas alone last year. The report was a little qualifying in character to the extent that the extreme drought which has existed has not done as much damage as in many previous years, although 32 million acres still lack adequate covering in the Southern Great Plains. Beans closed higher, which was contrary to the general trend.

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CHICAGO, 4 February 4, 1957

According to USDA, the total supply of feed grains and other concentrates is now estimated at 200 million tons, which is slightly above the record supply of last year and 15% above the 1950-54 average. Another large supply of by-product feeds, including record supplies of soybean meal, is in prospect. Because of this situation the amount of wheat and rye that may be fed to animals will continue near the low rate of last season. It is also a fact that because of research and the better feed formulae used, it takes less tonnage to bring about the same results. The output of commercially prepared feeds has much more than doubled during the past fifteen years, which is a reflection toward a trend in poultry specialization, and improved stock production, with farmers having learned that feeding is now a very scientific business with emphasis on nutritionally balanced rations. The result has been that commercially prepared feeds now make up more than a fifth of the total concentrates fed to livestock compared with only one-tenth in 1939. Total tonnage of feed consumed on the farm where grown has not changed greatly from prewar levels. At the moment we find a very satisfactory relationship with the hog-corn price ratio which is much better than it was a year ago due to the fact that hog pric have gone up much more than corn. The milk-feed price ratio has also been higher this winter than last, and it is about the long-term average. On the other hand poultry and egg prices are much lower than average in relation to feed costs.

Before our market opened this morning it was found that precipitation over the week-end had not amounted to much in the Southwest and the map is not particularly favorable for relief, although some drizzling rain is likely over sections of the country. This is confined mostly to an area from Oklahoma and Kansas into parts of the Ohio Valley.

USDA reports that rye stocks of 19.1 million bu in all positions on January 1st were the smallest since 1953, and 9 1/2 million less than a year earlier. The disappearance of rye for the first half of the season totaled 22.6 million bu, which was an increase of 2.3 million over the same period last season. Exports have also been heavier with shipments of 6.6 million bu thus far, which was 3.2 million more than last season and the largest in over thirty years. The amount of rye fed to livestock was nearly 6 million bu, which was about the average for the past four years. Thus far there has been only 2.2 million bu rye placed under loan as against 9.1 million a year ago.

The official figures on wheat impoundings have not yet been released but according to the Leslie Service it is estimated that 234 million bu has been impounded in the thirty-day period, from December 15th to mid-January, but this party als estimates that 58.6 million bu wheat has been redeemed, which would probably be the largest figure ever reported for a similar period.

CCC continues to sell corn and during the past week they liquidated 8 1/4 million bu, which included nearly 3 million for export, 3.7 million bu domestically, and 1.6 million bu went in fulfillment of the drought program. Total sales since October 1st have been nearly twice as great as last season: namely, 83.6 million vs 45.0 million at that time.

Chicago wheat stocks showed a decrease of 357,000 bu for the week, which still leaves 8 1/2 million bu here; the afloat stocks were unchanged at 765,000 bu. There is still a large quantity of corn in Chicago, elevator stocks rose to 17 1/2 million bu, with another 1/2 million bu in boats, totaling 18 million bu. Rye stocks showed a slight decrease; elevator stocks, plus the amount in vessels total about 2 1/2 million bu. Beans decreased 143,000 bu locally to 5.6 million bu, and in addition to this there is 252,000 bu inboats. The wheat visible decreased nearly 4 millio bu. Beans declined 484,000 bu.

Markets were rather inactive for a good part of the session. The fact that moisture was a little disappointing caused comparative strength in new-crop futures but lack of demand both for export and domestically, caused some liquidation in March, and the same was neglected at Kansas City, all of which naturally affected the over-all trade in wheat. Corn was inclined to weakness, and from a statistical point of view there is nothing to encourage holders. Stocks of 3,416 million bu on January 1st established a new record, and this was 11% more than we had on hand a year ago, and was actually 1,022 million above the 10-year average. Besides all this, the government selling is of no help to the market, which probably is an understatement. Trade in beans was not particularly active. May and July beans were comparatively steady, but there was a little liquidation in March, and also some selling in September and November beans, the latter being a reflection of the large acreage which probably will be sown this summer. With normal weather we are ver likely to have another big crop on top of a good-sized carryover.

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CHICAGO, 4

February 5, 1957

There were reports from the country overnight that CCC might modify its program with respect to selling of corn, which has probably been one of the most depressing factors in that cereal for some time. We tried to get official confirmation from the government office here in Chicago but could not obtain it. The fact of the matter is that CCC on November 30, 1956, which was the date of the last official report, showed that its total holdings amounted to 8 billion 170 million dollars. Thus their invested holdings were still very big, but there was a slight downturn from the previous report. There investments were mainly in wheat, corn, cotton, and tobacco, the four leading basic commodities which accounted for a little over 7 billion dollars of the total. Had the government steadfastly adhered to a policy of keeping everything it had acquired, it would have an investment today above 15 billion dollars instead of 8 billion. In other words, between June 30, 1953 through September 30th this last fall, a total of 3 1/4 years, they moved out of CCC inventory commodities approximately 7 billion 400 million dollars worth of the accumulated surplus.

Many special programs were used to achieve this record volume of surplus disposal, and, indeed, there were heavy losses in accomplishing this purpose, but at least 60% of the sales were made in terms of dollar disposal, so that at least on that portion of the business we did not have to accept foreign currencies; furthermore, by moving these various commodities into consumptive channels, the government saved considerable expense in storage, and likewise prevented deterioration in storage, while at the same time it left smaller quantities overhanging the market. During the past five months alone commodities with a cost value of $1 billion 879 million dollars were moved out, and in general the proceeds from dollar sales returned to CCC 71¢ for every dollar invested, so that there was acturally a loss of about 29% in operations. There were, of course, large volume sales in exchange for barter for needed strategic materials, and on many of our exports big subsidies had been paid to encourage exports, while in many cases surpluses had been donated for welfare and related uses.

Before our market opened this morning, there had not been much rain or moisture reported Southwest, although one-sixth inch rain fell in Amarillo, but not much elsewhere in the Texas Panhandle. Shortly after our market opened we had reports of more than half an inch of rain at Wellington, Kansas, and also at one or two other nearby points.

Primary receipts of wheat were a little heavier and amounted to 1,320,00 bu, which compared with 1,240,000 bu last week, and almost the same last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 13,000 b

There was a little early firmness in markets. Some locals bought corn on the possibility that the government selling would be discontinued, but there was no confirmation of this news from official sources, and overnight CCC had sold 100,00 bu #2 yellow corn track Gulf at a very cheap price, although other bids had been rejected. Later in the session corn prices dipped as there was liquidation and buying power seemed very light on the decline. The Chicago corn-hog ratio as of February 2 was 13.9 compared with 13.7 last week and only 10.8 last year. We had liquidation, however, in the various pits, which brought in some stop-loss selling, and there was naturally some discouragement with the market showing very little ability to rally. This is the time of year when more often than not we have downward trends in our commodities. First of all, we are feeling the pressure now from Argentina, and export business the last few days has been conspicuous because of its absence. There were, however, 2 wheat cargoes sold to Greece. There also was extreme dullness in bakery flour business, while other sales were quite light. Thus there were very few commercial hedges covered, and apparently there were not many shorts that felt inclined to cover, although we did see a little buying in rye, but in that pit the predominant situation was selling by discouraged longs. During the week there were some Black Sea exports of over 1 million bu of wheat, of which the greater part was destined for Egypt. Since August 1st they have shipped over 18 million bu, which co pares with exports last year for the same period of only 1 3/4 million bu. A good ma people are pointing to some improvement in the Southwest due to the recent moisture situation, but it is difficult for us to find where there has been anything but a temporary respite. Altogether the moisture is not heavy considering the prolonged drought, and we are convinced that either later this month or early in March that

unless there is a good deal of precipitation we are bound to get some rather drastic crop scares.

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CHICAGO MERCANTILE EX.

February 6, 1957

In 1938, when the support programs first took on importance, the government named certain states which were prominent in the raising of corn. There were included 566 counties in 12 states; now there are 894 counties in 24 states. The so-called commercial areas have expanded, and at first neither the southern nor eastern areas were named, but rather they counted on what was normally considered the corn belt area, although this is no longer the case. Even in the first month of 1957, there had been 54 counties added to the commercial corn area, comprising counties in states such as Georgia, Alabama, North Carolina, Tennessee, and Arkansas, which no one regards as genuinely corn territory, but, nevertheless, these districts are now part of the commercial area. Under the formula of controlling legislation, the national corn acreage allotment to provide individual farm allotments in 894 commercial counties has dropped to only 37 million acres plantings for 1957. Relatively few farm producers would be able to comply with the reduced allotments within the limits of sound farm management. Even fewer would be in a position to cut their harvested acres below the allotments in order to take part in the corn acreage reserve.

It is probably because of this background that Secretary Benson is trying to correct the situation, and, accordingly, hopes that the necessary Congressional authorizations will be available in time to assure a workable corn program this coming year. Thus far he has not met with much success, and meanwhile, under the selling formula CCC is apparently following the market down as well as up, and continues to liquidate its stock. Overnight CCC sold exporters 345,000 bu #2 yellow corn at about $1.29 1/2, track gulf. The bids at the Atlantic, which were some what higher had been rejected. The U.K. and the Continent both bought a few parcels of corn, but apparently this was not an important business, and first corn prices were considerably lower as the carryover feeling from yesterday had been bearish. There was also some news during mid-session that France had bought additionally 20,000 tons Argentine wheat, making a total of 74,000 tons the past few days. It was intimated that tomorrow they would purchase another 50,000 tons, this latter being for Morocco. Altogether a heavy business of this kind, centering in Argentine varieties, must be disappointing both to the U.S. and to Canada.

There was not much rain overnight and the five-day weather outlook is not particularly optimistic for the Southwest, although there may be some moisture in southeast Kansas and some along the eastern border of Oklahoma, but nothing is indicated for Texas. In the weekly state resumes, snow was reported to have improved wheat prospects in eastern counties of Kansas, but they say that substantial precipitation is urgently needed throughout the state. Surface moisture supplies are reported short in 90 counties and adequate in only 15, while subsoil moisture is reported short in all counties of that state. For Nebraska, there was no appreciable change in condition of winter wheat during the past week, but no further damage was expected from continued cold, and wind erosion seemed to have been light and spotty.

Primary receipts of wheat today were a little smaller and amounted to 815,000 bu, which was a little more than last week and compared with 863,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 41,000 bu.

Markets were all very weak early in the session, and there was discouragement and further liquidation. However, the urgent selling seemed soon to have run its course, and there was a rather healthy reaction, which was quite general in all pits. Secretary Benson indicated that he may support the price of corn without any adherence to federal acreage controls this year if Congress does not enact his new corn program. The law as presently worded would provide for acreage allotments totaling 37.3 million acres, and a price support of $1.36. As he points out, few farmers are expected to comply with this allotment, but he could exercise emergency power which he already possesses in order to provide supports for farmers who do not comply. If he did this it would be the same as he did a year ago.

In a general way there was better buying; in fact, some stop-loss purchases were encountered in beans and oil. Rye also had a pretty fair recovery with many traders feeling that we might have seen the worst, and that new-crop wheat futures in particular should do better inasmuch as the crop outlook is still far from satisfactory. This coincides pretty much with our own views.

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CHICAGO, 4

February 7, 1957

During the past six months the USDA has sharply increased its surplus food donations to various foreign countries, and this was stepped-up to the tune of about 90% compared with a year earlier. The foreign distribution of foods was, of course in many cases necessary to such countries as Hungary, where actually starvation and hunger existed, but the grants were made far beyond that scope and there were actually 82 foreign countries that were recipients through 22 private U. S. Welfare Agencies. Altogether the quantity of food that was dispatched to those nations amounted to 891 million lbs. This compared with total distribution of nearly 1 1/2 billion lbs of surplus foods during the past six months, and, of course, there were many private U. S. Welfare Agencies that made distribution here at home, including food that was used for school lunch programs, etc. This one program alone went up 118% over the previous year.

Here at home the President has raised the possibility of federal controls over business and labor, voicing a strong warning that the government may ultimately be forced to control wages and prices unless business and labor exercise some restraint. All this is a little disheartening, particularly at a time when the whole world seems to be embarking upon so many economic controls, and in the long run it can only be detrimental to foreign trade and commerce. While here at home we are attempting to artificially hold up price levels of agricultural commodities, we subsidize shipments of wheat and other products in order to get them into foreign trade channels. However, many European countries are taking appropriate steps that in the long run will limit the importation of grain and other commodities from the surplus countries. For example, Italy has been offering its producers $2.96 per bu for wheat in order to encourage heavier plantings Turkey through a similar measure is paying $2.91 for homegrown wheat. In France they have a support level of $2.64; in Belgium farmers receive through a government program $2.56; in Japan wheat is artificially supported at $2.59; in Brazil the price is held up to $2.84; and in West Germany $2.72 is the support level. As long as every country thinks in terms of controls, there is bound to be confusion. Many European countries have adopted a wide variety of measures to get and keep control not only of their grain production, but also their agricultural trade. Many of these measures include import controls through tariffs, equalization fees, compulsory utilization of homegrown grains, foreign exchange agreements, government import monopolies producer subsidies, and a host of other programs that in the long run are bound to be hurtful to free and open trade. Altogether there is a world-wide race, except within the borders of the U. S. to increase production of farm products, not only in the normally exporting countries, but also, in the importing countries as well. The reason, of course, is that many of these countries wish to attain a higher degree of self-sufficiency and to do so they seem willing to pay their own farmers higher prices than they actually have to pay for grain in world markets.

Primary receipts of wheat amounted to a little over 1 million bu, which compared with 824,000 bu last week, and 1.1 million lastyear. Kansas City and Minneapolis stocks so far this week show a net decrease of 30,000 bu.

Trade was fairly active at the start, but then there were intervals when there was not too much activity, probably due to the fact that it takes a little time for confidence to be restored. There were some reports of moisture, principally on the South Plains of the Texas Panhandle, and also in a number of districts in Oklahoma, mainly around the Enid-Tulsa area, but the amounts were not heavy. This naturally caused a little hesitation on part of those who might otherwise have purchased the new-crop wheat months. In any event, there were finally minor recoveries in wheat. Corn was quite strong in spite of government selling, overnight sales amounting to 460,000 bu at the Gulf. The Agriculture Department announced it would donate government-owned corn for the feeding of livestock in nine southeastern Kentucky counties damaged by recent floods. The main feature in corn, however, is hope that there may be some change in the government program to encourage corn farmers, and consequently, there has been a little buying in anticipation of higher supports.

According to Broomhall U S wheat and flour exports during the past week were over 7 million bu, and the total since July 1st was 287 3/4 million bu vs 145 3/4 million a year ago. Everything points to season's shipments of 450 million bu, which would be one of the largest export years in recent times.

Beans recovered very little from the early low, but did not show any important trend. The market seems to have been pretty well liquidated.

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CHICAGO, 4

February 8, 1957

Mr. Marvin L. McLain, Assistant Secretary of Agriculture, addressed the National Association of Wheat Growers yesterday at Lincoln, Nebraska, His report was rather encouraging, at least for future wheat prospects. He pointed out that nearly 11 million acres of winter wheat land had been signed up last fall under the Soil Bank, and then conjectured that if 2 or 3 million acres of spring wheat were put under the program, our wheat production next summer might well be 150 million bu or more below the probable disappearance in the 1957-58 marketing year. This is probably on the assumption that domestic disappearance will account for 600 million bu and that our wheat and flour exports next season drop to about 350 million bu. Thus he concluded that if we can cut wheat surpluses by 150 million bu by July 1, 1958, we will be making real progress, and that if we keep up this rate for the following two years-- the duration of the authorization for the Soil Bank Programs-- we would be down pretty close to the desirable level of wheat carryover of about 500 to 600 million bu.

In speaking of the surpluses, which in his opinion had been depressing markets, and calling attention to the liquidation which had taken place thus far, he admitted that there will be heavy losses, of course, but that they could not be avoided. In his words: "We must keep at this disposal job until the surpluses are cleared out. They hang over the market, interfere with normal trade, force economic production adjustments, and cost the government heavily." This leads us to the conclusion that even with the discussions that have been heard about the possible cessation of corn sales, the Agriculture Department is not thinking too seriously of a change at this time. While speaking mostly in terms of wheat, Mr. McLain also stated that :"The same general principle applies for corn, cotton, and the other storable commodities. The surplus removal task is still a big one, but we need not be afraid of it. If we continue aggressive disposal efforts, backed by measures to slow down the development of new surplus supplies, we should be able to get things under control in a reasonable period of time."

Our corn market, however, did open a little higher and it was reported that the U. K. and the Continent both had bought some parcels of corn. Furthermore, cables from abroad conveyed the impression that foreignsentiment in corn was a little better and that markets there were showing some improvement. On the other hand there is still the possibility of a maritime strike at the Atlantic seaboard, which could spread, and this together with a little moisture in the Southwest gave us a lower opening in wheat. Precipitation thus far has not been heavy, nor does the 5-day outlook envisage much relief, although the eastern sections of the Southwest may have up to 1/2 inch rain but not much is expected in the western areas where there has been a prolonged drought. We also heard that 50,000 tons of Argentine wheat had been sold to Morocco, which had been expected, but which, nevertheless, took that much business away from Canada and the U.S. Late yesterday the Agriculture Department authorized India to obtain $103 million worth of U.S. wheat in terms of Indian currency. This, however, is all part and parcel of the larger program previously announced whereby we were to furnish them 130 million bu wheat to be shipped over a 3-year period. The amounts presently mentioned must be shipped between now and the end of the calendar year, but, of course, there is nothing new involved in this news, and consequently, it was of no market importance.

Primary receipts of wheat today were a little under the million-bu mark, which was not far different from last week or last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 198,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage last year of 2 3/4 million bu.

Markets were quite active, although fluctuations were within rather narrow limits. There was a good deal of March and May wheat covered against business to Greece -- about 2,600,000 bu of hard wheat was apparently sold for shipment by March 10th. There was also some business via the Pacific, two cargoes of wheat having been sold from the West Coast to Pakistan. Legislation was offered today to stimulate export sales of farm surpluses. Senator Humphrey's bill would extend P L 480 for two years and add $3 billion to the CCC authority for selling surpluses abroad for foreign currency. The Administration had requested extensions of the law, but only wanted $1 billion boost in the loan authority. Not much attention was paid to the possibility of a longshoremen's strike. It might only cover the North Atlantic, and we heard some talk that Baltimore would not be affected. March wheat lost some ground on the May.Flour sales were small.

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CHICAGO, 4 February 11, 1957

It was almost a foregone conclusion this morning that all grain prices would be lower, including beans. There was no moisture to speak of in the Southwest, nor is much indicated, although they had some fairly good precipitation over most of the corn belt areas and a few light showers Northwest. Exporters who had sold 6 cargoes wheat to Turkey had a chance to buy in hedges very cheaply and the general weakness at the opening was due almost entirely to Mr. Benson's announcement that 1957 crop supports would be cut rather sharply with feedstuffs generally at 70% of parity, while the support for beans was placed at $2.09 per bu, which was reduced from $2.15 last season. The rye support was cut to $1.15 a bu from $1.27 last year and grain sorghums were cut to $1.83 per 100 lbs. as compared with $1.97 last year. Apparently all this was being done in order to discourage heavy plantings next summer, as the surplus problem has been a thorn in the side of the administration, and accumulations have made it more difficult to carry out agricultural objectives plus the fact that the weight of supplies has been a depressing influence on markets. Even wheat prices were considerably lower although minimum supports for the next crop were announced earlier in the season, and there is no change in this particular program, nor has any been announced yet for corn with respect to next year's loan level, but general discouragement seemed to depress all of our commodities.

We also had the actual loan figureson wheat and corn this morning, and betwee mid-December and mid-January, 8.1 million bu wheat went under support. This brin the total to 233.2 million bu, but as an offset there has been 53.8 million bu withdrawn through redemptions, so that the net figure is only 179.4 million bu. The heaviest amounts redeemed were in the state of Washington where 14.5 million bu was involved, Oregon 6 million bu, Idaho 4.3 million bu. Quantities elsewhere were not particularly heavy except that 10.2 million bu has been redeemed in Oklahoma bu only 1.7 million bu in Texas. The amount in Illinois was 2.7 million bu, North Dakota 2.2 million bu, and Kansas 1.9 million bu. In Nebraska less than 1 1/2 million bu was redeemed and total withdrawals included 42.7 million bu of warehoused wheat and only 11 million bu that had been stored on farms.

CCC sold further quantities of corn over the week-end, with 1.4 million bu having been taken by exporters, and during the past week Commodity sales for all programs amounted to nearly 7 million bu. The amount of corn under support is now quite heavy, with a total of 212.3 million bu being impounded. In the 30-day period, 133.7 million bu went under loan. The number of soybeans under loan is now 57.2 million as compared with 50.8 million a month earlier. Total redemptions of beans are 3.7 million bu, this having occurred mostly in four states: namely, Iowa, Illinois, Minnesota, and Missouri.

Chicago wheat stocks showed only a small decrease of 157,000 bu; this leaves 8,353,000 bu in elevators, together with 765,000 in ships. Corn showed an increase locally of 1 million bu, so that with the amount afloat there is over 19 million bu of corn here in Chicago. There was a small decrease in oats, and a small decrease in rye. Bean stocks decreased 304,000 bu, and there is still 5 1/2 million bu here including the afloat stock.

Trade was not particularly heavy, although there was a fair amount of hedge lifting early against export business. However, the March delivery was comparatively weak, and lost ground on the other wheat futures. New-crop months were helped by adverse weather conditions, and there were reports from the Southwest that dust storms were forecast for northwestern Kansas and for western Nebraska. Meanwhile we had a wire from Salina that winds and dirt were blowing and the visibility was rather low. Flour trade was slack for all types, and with the recent weakness in the market buyers apparently were on the side lines.

Broomhall reported that Argentina had experienced the best rain in some time which would greatly improve the late corn prospects, but the early crop was badly damaged by heat and drought, but in spite of all this an exportable surplus of 1 million tons is possible. From Australia we learned that wheat shipments had amounted to 1 1/2 million bu during the week, and since the first of January total shipments ar nearly 13 million bu against only 5.5 million bu a year ago. However, they had a very poor crop in that country and the exportable surplus is down to 122 million bu compared with 193 million bu at this time last year.

Soybeans were quite weak due to the fact that Secretary Benson had cut the loan

support. The rest of the market reacted from lowest prices of the day.

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CHICAGO, 4

February 12, 1957

We have felt for some time that total wheat and flour exports this season might range somewhere between 425 and 450 million bu. Barring the possibility of heavier shipments from Southern Hemisphere than had been expected, we might even reach the higher figure. This, of course, brings up the question as to how much free wheat we may have in the carryover reserve next July. It is our opinion that not over 200 to 225 million bu free wheat will be exported for the reason that the program started two months late; furthermore, with the scrip certificates there is some government wheat coming back into the free supply. We shall probably consume domestically 600 million bu, and at the moment there seems to be 180 million bu wheat net under loan, so that if we make our calculations on the above basis, we can see that practically all of the 997 million bu wheat raised is accounted for in the above categories. Should we be mistaken in the amount of free wheat that is shipped abroad, or if redemptions are heavier from this period onward, there would, of course, be some changes in the calculations, but in any event it looks pretty much as though we would have at least as much free wheat on hand next July as we had a year ago. Moreover, there is always some new wheat moving in June which upsets calculations at least from the supply side of the picture. There is little doubt that the narrowing of the spread between May and July wheat has come partly from the fact that there should be no shortage of wheat between now and the next crop, and also it stems from the fact that the outlook for the 1957 harvest is only moderate at best. We do not have the full figures yet as to the amount of acreage that will be involved in the Soil Bank. We are told tentatively that there have been 11.5 million acres of cropland taken from production, but this is not all wheat, and we shall probably have more detailed figures either by Friday of this week or by early next week.

There has been a fair amount of moisture recently in the Central States, but the precipitation in Kansas, parts of Oklahoma, and Texas is still far from adequate and it remains dry in those sections with little chance for relief, according to present forecasts. The snows which have occurred overnight were somewhat unexpected but were mainly around the lakes, as a low pressure area developed over central Illinois and brought some precipitation which had not been foreseen yesterday.

CCC sold more than a million bu #2 yellow corn overnight via the gulf, and 200,000 bu was sold FOB Atlantic ports. It was reported that Germany is expected to buy 50,000 tons Australian wheat on Friday, which is another example of a business we are missing and which is going to Australia in spite of the fact that her last crop was a very poor one in comparison with both last year and the year before. Of course, this is the time of year when Southern Hemisphere shipments and business often compete with Canada as well as with us; so there is nothing unusual in this situation. The corn-hog ratio in Chicago for the past week was unchanged from last at 13.9 vs 10.1 last year, and thus feeding operations continue on a very favorable basis.

Primary receipts of wheat amounted to nearly 1.3 million bu, which was practically the same as last week and last year. Kansas City and Minneapolis stock so far this week show a net decrease of 181,000 bu.

The noon weather forecast for the Southwest showed no improvement, and while it is still dry in most sections, the wind has apparently died down and there were hardly any reports of dust blowing. Flour business remains light, and there is only a moderate inquiry. Here in Chicago, we have about 8 1/2 million bu of free wheat, and the March delivery apparently is being liquidated, losing a little ground on both May wheat and the new-crop futures. Corn seems to have difficulty in advancing very much even when other commodities seem to be firm. There are two difficulties with this cereal -- first, the large crop, and secondly, the fact that government selling makes up for the small country movement. There was a much better market in soybeans, and it was reported that Japan had bought a cargo of Illinois beans. Locals were pretty good buyers of May beans, while there was scattered buying of the March contract. Best prices, however, did not hold, but the market appears to have been pretty well liquidated, and we would imagine that purchases can be made on setbacks at least for the time being. Rye also did better, as that commodity has been subjected to liquidation, which probably has improved the technical position, particularly as supplies overhanging the market are not burdensome, and prospects for next year's crop are not too good. The last government report indicated that the condition was 4 points lower than last year. Since that tim we doubt whether there has been much improvement.

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CHICAGO, 4

February 13, 1957

Secretary Benson delivered an address a day or two ago in Spokane, Washington, and told his listeners that the government should not be in business in competition with its taxpaying citizens. Certainly everyone will agree with this philosophy. He went on to say: "As a nation we should leave to private enterprise those things which private enterprise is willing and able to do. I believe that continued substitution of government for private trade would mean, in time, the socialization of agriculture and the end of freedom as you and I know it." The fact of the matter is that it is very difficult to keep the government out of business and prevent their competing with the citizens of this country when they are in the commodity trade on such a huge scale. CCC's obligation to acquire certain commodities that are under loan has become so extensive that it staggers the imagination. When bins and warehouses become filled still more storage space is provided, and the government itself has acquired or built about a billion bu of bin space, so that it is the largest entity in the grain business today.

Whenever this organization runs out of money, either its notes are cancelled or its borrowing authority is extended; so it seems to be in the business on a permanent basis. Twenty-one years ago the capital funds of CCC totaled $100 million; today, CCC not only has those funds which have been restored as losses occurred, but in addition it has a borrowing authority of $14.5 billion. In other words, it is 145 times as large today as it was in 1936. The simple truth is that the government has moved in and is competing actively with our business, and there are often times when the competition is so intense that there is no chance for private concerns to meet it. When they decide to sell the accumulated stocks, price means very little to them, but the citizens who have millions of dollars invested in elevators and in the grain business must step aside and hope that it will not be too long before they are back in business again. It is more than a mystery that more privat concerns have not been pushed to the wall. Government competition is apt to become even more strenuous as acreages are cut and storage demands are reduced.

It is only to be hoped that the government will give some consideration to private interests rather than to use only government elevator facilities, which could bring great injury to an important industry. We have learned through science and research to do many things. We have developed hybrid seed for corn, where today on 79 million acres we can produce nearly 3 1/4 billion bu of corn. Between 1931 and 1933, we used about 110 million acres of land to raise about 2.5 billion bu of corn. Our wheat yields on a national basis have gone up 40% since the early 30's. Last year we produced on less than 16 million acres nearly as much cotton as we produced on more than 40 million acres around 1930. All these accomplishments were brought about through private initiative, unhampered by government intervention, and we repeat it over and over because the battle must continue to accomplish Mr. Benson's aims to prevent the complete socialization of agriculture, which he has said, would mean the end of freedom.

The longshoremen's strike, which many had thought yesterday might have been averted, was called, although negotiations continue, but meanwhile shipping all along the Atlantic Coast, from Maine to Virginia, has been stopped. This naturally caused a reaction in markets this morning, despite the fact that weather in the Southwest was still bad, and not only does it remain dry, but the outlook offers no hope for improvement. The Continent bought some parcels of corn and Brazil may buy some wheat, having asked for offers on March 7th for 250,000 tons hard winters for April-May-June shipment. This would be the first purchase under the $111 million P. L. #480 pact that extends over a 3-year period. Other export wheat business was quiet.

Primary receipts of wheat today were lighter at 826,000 bu, but this was pretty much in line with last week and last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 158,000 bu.

Due to the dock strike March and May wheat were a shade lower, but new-crop futures remained firm, and generally speaking crop conditions Southwest are about the same. In Kansas, precipitation during the past week was generally too light to be of material benefit. Corn prices were barely steady, but oats derived some strength from the Democratic proposal in the House Agricultural Committee to provide Soil Bank facilities for oats, barley, sorghums, and rye. Rye for a time was firm, but finally yielded some ground when stop-loss selling at Winnipeg caused a sharp break in that market. Our beans were very firm, but trade was not heavy. Oil and meal prices were higher,

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CHICAGO, 4 Feb. 14, 1957.

There was no change in the weather pattern, and dry weather continued over the Southwest, with indications that this would probably continue for the next 24 hours at least. Despite this, the Oklahoma weekly crop bulletin spoke of light rains that fell during the first part of last week, and this apparently improved the surface soil moisture situation over most of the state. Condition of wheat and oats has shown some improvement during the period, as warmer weather and better moisture conditions caused plants to green-up and start growing after a dormant period. Central and western Kansas, however, do not show much improvement, and we still believe that one must assume a conservative attitude with respect to the winter wheat crop. Furthermore, preliminary figures showed that wheat farmers had signed up 10.7 million acres in the 1957 winter wheat acreage reserve program of the Soil Bank. If farmers take an additional 3 million acres of spring wheat out of production the USDA assumes that at this early date our total wheat crop next summer may be only about 810 million bu. The domestic use and exports during 1957-58 may be somewhere in the neighborhood of 950 million bu; therefore, there would be a deficiency of 140 million bu below total consumption needs. As a result it would bring a substantial reduction in carryover in the reserve stocks on July 1, 1958. This, of course, is looking a long distance ahead, but we mention it because as we eat into our reserves, it will require a rather high price to bring wheat back from government stocks into commercial channels.

We are making better headway in reducing surplus stocks in the Pacific Northwest than elsewhere in the nation. Exports from that area have been heavy and the carryover next July will have been greatly reduced. It is because of this huge export demand that Pacific Northwest wheat prices are higher relative to support levels than are prices in most other parts of the country. For example, soft wheat at Portland early this month sold as much as 37¢ above the effective loan, and this is likewise the reason that the redemptions in that area have been larger than elsewhere. During the past week U.S. wheat and flour exports were slightly over 8 million bu, and since July 1st have totaled 297 3/4 million bu vs 151 1/2 million a year ago. This, of course, is a wonderful showing. We figure that between now and end of the crop-year, or a period of 19 weeks, in order to reach our goal of 450 million bu for total shipments, we shall have to export 152 million bu, or on an average 8 million bu per week, which is possible, and would be in line with present clearances. Pakistan bought 2 cargoes Pacific Western wheat overnight and Israel bought a cargo of beans for first half April shipment via the Atlantic.

According to Broomhall, weather conditions have turned less favorable in India for the wheat crop after the bright prospects reported earlier. Slight rust attacks are being reported in some districts. Our own export flour sales to Europe, Mid-East, and Far East are being checked by the extreme scarcity of ocean space, which has extended even into March positions. Early reports indicated that while the Longshoremen's strike had not been settled, there were only minor points to be reconciled, and that good progress was being made for early agreement.

Primary receipts of wheat were a little lighter at 905,000 bu, which compared with slightly over 1 million bu last week and the same last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 297,000 bu.

Trade was not at all heavy, but after mid-session March wheat strengthened, and this probably was due to the strong possibility that the dock strike would be settled within a matter of hours. New-crop wheat futures weakened on a weather report by a private forecaster that there might be some rain over the weekend, and that the map was due for a change. In our opinion, it will take better than average weather to give us a crop the size of the January estimate, while in spring wheat, even if we get 18 1/2 bu per acre, as was the case last season, it would probably not produce much over 200 million bu, with the likely acreage reduction due to the Soil Bank. Flour business remains rather quiet, and there seems to be very little encouragement from that source. Beans were inclined to be weak a good part of the day, and there was some profit-taking, while there was not much feature to corn. A reported sale of 1/2 cargo of soybeans to Japan had very little market influence, although there may have been a few hedges covered. Early selling in rye was for local account, but the market recovered after that. Formosa seems to be asking for offers on Pacific Coast wheat, on a substantial quantity.

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CHICAGO, 4 February 18, 1957

The radio reports last night and again this morning heralded the Texas rains as the best which had been received in seven years, although upon examination we find that there were some areas of the State that had a much better downpour than the Texas Panhandle itself. Nevertheless, there was nearly half an inch of moisture at Amarillo, while San Angelo reported a fall of .65 over the week-end, with rain lighter on the South Plains, with only about 1/4 inch at Lubbock. There was also some rain in southwestern Oklahoma but nothing much was reported in Kansas. The outlook is for some more rain in Texas, which will probably extend into Oklahoma, as well, but lesser amounts are predicted for Kansas.

Nevertheless, this had some influence particularly on the new-crop months, which opened lower. There was word from the East that the longshoremen's strike was about settled, although it is still up to the workmen to ratify agreements of their leaders. March and May wheat opened somewhat lower but there seemed to be a little buying of March, and for some time now there have been reports of a probable movement of wheat from this market, so that the spread between March and May wheat, which was down to 1/2¢ recently, has widened again considerably, also due to the expectation that there will be some more export business. Corn opened sharply higher, and there was a large quantity bought by a trader, which caught the market in a rather vulnerable position. The government had rejected all corn bids overnight and this may have had something to do with the better sentiment which prevailed. Soybeans opened very weak and USDA late Friday had urged producers to watch market prices closely during the next several weeks for possible advantageous redemptions for their 1956 crop which is presently under loan. They called attention to the fact that market prices had been above support levels in many areas, thus enabling producers to pay off their loans and market soybeans to good advantage. CCC has no soybeans in its inventory at present, but there are substantial quantities that are tied up under the loan, and they have stated that if defaults occur and the beans are taken over after maturity on May 31st, nothing will be sold either for export or domestically at less than the 1956 crop support price at the point of production, plus carrying charges, which would be at the rate of 1 1/2¢ per bu in June, 3¢ in July, and 4 1/2¢ in August, and 6¢ during September. We heard that processors had withdrawn from the market, and there was a fair amount of selling after the opening bell, particularly as oil prices also had been considerably weaker.

The rains in Texas, which we mentioned earlier, should be a big help although we think it would be incorrect to assume that we can still have a normal crop in that State after such a prolonged drought and particularly with a smaller acreage. In many areas over America, water is still the greatest limiting factor for both agriculture and industrial development. Our soils and underground reservoirs constitute the greatest potential storage we have. After seven years of drought it will take a considerable amount of rainfall to restore proper reserves to the subsoil areas. Our present national use of water is approaching 200 billion gallons per day and, large as this may seem, its use is expected to double in the next twenty-five years.

USDA has announced exports of wheat and flour from July through January, which have totaled 297 million bu this season compared with 147 million the same months of the 1955-56 season. Supplies of wheat on February 1st remaining for milling, export, or carryover totaled 1,328 million bu this year as against 1,416 million bu last year, and 990,000 bu the five-year average.

There was a decrease of nearly 7 million bu in the visible supply of wheat. Total stocks are now 324.6 million bu which is a reduction of 39.2 million bu from last year. Corn stocks increased heavily by 5.3 million bu to a total of 75 million. There was very little change in beans. Here in Chicago the wheat stock declined 243,000 bu. Including the afloat stocks, we have nearly 9 million bu of wheat here, but there is some talk that there will be some reductions through export sales. Chicago bean stock declined 205,000 bu, leaving 5.1 million bu in elevators and 250,000 bu in boats.

Markets were all very weak with the exception of corn. No particular reason was given for the corn strength except that some people still believe that government selling may be abated. The fact that the government will sell lower grades fo export also led to the belief that this may lessen the sales domestically. March wheat went down as much, if not more than other wheat futures after showing a littl relative strength early. Beans recovered but little after breaking sharply, and ther was no real support in markets. Recent selling by discouraged longs has found rather limited support.

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CHICAGO, 4 February 19, 1957

The Assistant Secretary of Agriculture, Mr. Earl L. Butz, was in Chicago today, and spoke a few hours ago before the National Canners Association. He reminded his audience that our population has now reached a figure of 170 million persons, and that during the next twelve months it would increase by an additional 3 million. It will not stop there, however, as the experts predict that by 1975, or in a period of less than twenty years from now we will have somewhere between 210 to 220 million people in this country, which would be 40 to 50 million more than our present total. If this is the case, over-all agricultural production would have to be increased by one-third to meet expected needs in 1975. Should modern technology continue to progress as it has, there will be no difficulty in taking care of this tremendous growth.

When we look back we find that a great revolution of our agricultural plant has been able to support a population in the past fifty years that has nearly doubled, while at the same time the number of people employed on our farms was reduced by more than two-fifths. Looking at it in another way, the production from each farm worker now supports approximately 20 persons, including 18 in this country and 2 abroad. This compares with only 7 persons a half-century ago. In 1930, or just one generation ago, the average farm worker produced enough for himself and only 9 others. We continue to expand farm output and our farm efficiency, which is the reason that American agriculture is able to feed and clothe an increasing number of people per farm worker and per acre of land. Machines and agricultural chemicals are part of the story, but the modern farm of today is far different from what it used to be. Fifteen years ago, the average U. S. farm had about $3,500 invested in land and equipment for each farm worker. Today that figure is over $15,000 per worker. On many commercial family farms this figure runs up to $50,000 or higher

Before our market opened this morning, we learned that there were further rains in the Texas Panhandle, and in a good many sections of Oklahoma. At one or two reporting points more than 3/4 inch rain had fallen. At the same time it cannot be denied that moisture has come late, and for Texas this is the first good, soaking they have had in a number of years. Subsoil deficiency of moisture has been disturbing for many seasons, and as a result Texas has not had a good, or even an average wheat crop in many years. Undoubtedly these rains will impart enough moisture to the surface at least to be of some help, but with the acreage reduction there is little hope of having a particularly good harvest.

The government published figures this morning telling of the Soil Bank participation. Contracts signed so far for spring and winter wheat have retired 11.3 million acres, while the total land taken out of production is about 13.5 million acres on which federal payments of $319.2 million will be made. Additional sign-ups will continue into early March for spring wheat, further cutting the 1957 wheat acreage.

Our wheat market opened somewhat lower because of the rains. There were reports that India had bought 18 cargoes white wheat for shipment via the Pacific. On the East Coast the longshoremen's strike is virtually settled, so that shipping is no longer threatened. CCC rejected all corn bids overnight, and this gave us a somewhat higher opening in corn.

During the first hour of trade wheat prices were rather weak, probably influenced by better weather and the weekly crop summaries were not as pessimistic as might have been expected. Later on Washington news dominated markets. USDA reported that 3.2 million acres of land had been damaged by soil blowing as of February 1st, which was an increase of 2.2 million acres over last year. Another 29.3 million acres are apt to blow because of drought conditions. Later on the House Agricultural Committee approved over Republican opposition a Democratic plan for vast expansion in soil bank payments. The Committee would include an additional payment of $250 million yearly under the Acreage Reserve boosting the limit to $1 billion a year. Producers of wheat, cotton and other basic crops would be entitled to receive payment for reducing plantings on any of seven other crops to include oats, barley, grain sorghums, rye, soybeans, flaxseed, and non-commercial corn. The payments would range from $10.00 to $50.00 an acre. The acreage eligible would be limited to 18% of the farmer's basic crop allotment. In addition, other farmers who have no basic crop allotments, could receive payments for reducing plantings of any of the 7 crops more than 15% below the past three-year average. These payments would be fixed at $15.00 an acre. This was construed as bullish, particularly on wheat, but bears, which had been firm early, also held well and closed about 2¢ per bu higher. Corn maintained not only yesterday's improvement, but prices gained another cent, and a half today. UHLMANN GRAIN CO.

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CHICAGO, 4

February 20, 1957

Had it not been for the heavy exports of agricultural commodities over the past five or ten years, our surpluses at home would have accumulated to even a greater extent, and there is no telling how much more the added surpluses might have depressed our domestic markets. We should realize that nearly one-tenth of the American farm income originates through our shipments abroad and for some commodities the proportion is even higher. Last year the proportion of wheat and flour shipments was one-third, and we shall make an even better showing during the current season. This has all come about at a time when other exporting countries were pushing agricultural production vigorously. At the same time major importing countries were offering incentives to farmers in order to reduce their dependence on imports of food and raw materials, while they were also trying to free foreign exchange for industrialization programs. On the other side of the picture, we should also realize that we are by no means self-sufficient and we depend on the rest of the world for a number of agricultural items. Not only is the U.S. the largest exporter of agricultural goods, but it is the second largest importer of them. Only the U.K. surpasses us in that field. Actually our country consistently imports a greater number of agricultural products than are exported. As a matter of fact, about 40% of our total imports are agricultural. A good many of these, of course, are noncompetitive, like coffee, rubber, etc. We have tried to make it easier for countries to deal with us, and nearly 70% of our agricultural imports now come in duty free.

Before our market opened this morning, there was not too much to guide it except that the Commodity Credit Corporation had returned to the corn market as a seller, and they apparently disposed of about 1.8 million bu of corn which went to exporters. This disproved previously discussed theories that the government might lessen its efforts in that direction. Incidentally they also sold 125,000 bu milo at the gulf but all rye bids were rejected. As far as the latter cereal is concerned, C.C.C. holdings have been reduced to rather small proportions. We learned that Turkey had received allocations for over $3 million to purchase some hard wheat here, but this had very little influence on the market. Actually one of the large exporters was a rather good seller of March, May and July wheat, and it was assumed that this may have been against cash purchases from the government. Japan bought 6 cargoes Canadian wheat and there was really no export business here to take hedges out of the market.

Overnight moisture was of little consequence although the map is still unsettled, and according to the daily forecast, as well as the five-day outlook, we shall probably have further precipitation over parts of the Southwest, although it will probably be lighter in the western sections than in eastern districts. For the corn belt some showers are expected in the extreme southern portions, while in the Northwest light snow is likely with low temperatures to continue tonight and Thursday.

Primary receipts of wheat were on the light side, and amounted to only 737,000 bu which compared with 826,000 bu last week and a holiday last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 284,000 bu.

This was one of the dullest trading sessions that we have had in quite a while. Wheat futures were little influenced by the comparative firmness at Kansas City, and the fact that an exporter had been selling futures during part of the day seemed to dissuade new buyers, although new crop futures remained relatively firm. Corn was a little lower, although it was reported that Germany would be in the market for three cargoes with a date not yet set for purchases. Austria will also likely be in the market for seven cargoes, and France seems interested. The yellow cereal has had a fairly good advance, and we believe that Chicago stocks will continue to increase, but whether there will be deliveries of any consequence on March tenders remains to be seen, as hedgers seem satisfied to change over from March to May at the present differential. Soybeans met selling on minor advances and closed lower. During the session there was some buying of soybean oil by a local trader, as well as by commission houses, which influenced beans for a while. Country offerings of beans since January 1st have been extremely light, but there are still large quantities left that we believe will have to find their way to market sooner or later. Rye was firm, but there was no particular feature.

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CHICAGO, 4

February 25, 1957

There was a good deal of news over the week-end dealing with the situation in the Middle East. Secretary of State Dulles had conferred with Senate leaders of both parties, and the administration was apparently exploring every possible means of effecting a settlement in order to avoid a U.N. showdown on sanctions. Later Dulles met with Ambassador Eban, who returned to Washington after conferences in Jerusalem. The general concensus seemed to be that there might be a new approach aimed at stalling U.S. action onsanctions, which the Afro-Asian Bloc had previously demanded. As a result of this and the rains over the extended weekend, markets opened somewhat lower. There was a little selling of wheat, although the market gave rather grudgingly. There was also some liquidation in beans but volume of selling was not particularly heavy. Some export business took wheat hedges out of the market and had a firming tendency, while in Kansas City wheat futures were stronger than we were, all of which helped, and the rains were soon forgotten. There had been about 1/2 inch moisture over many parts of the Texas Panhandle; there was also fairly good moisture in Oklahoma, while in Kansas it was more spotted, probably missing some of the western sections. Nevertheless, with temperatures somewhat higher than heretofore, the rains where they fell were certainly welcome. This is the calendar period when ordinarily crop scares begin to be felt.

In Europe, crop conditions seem to be mostly satisfactory for winter grains. Moisture in a number of sections is said to be good, and as a matter of fact there has been abundant rain in France, with mild temperatures, so that the winter wheat outlook is very satisfactory. Colder weather it is thought would be welcome to check excessive growth. In Western Germany there have been very few complaints although they need rains in some areas. Crops seem to be making headway in Italy, and the outlook for wheat is particularly optimistic. Broomhall, who is responsible for the views just stated says that optimism in India has been tempered by the recent appearance of rust, although the attacks thus far have been slight, and it still looks as though they would have a good harvest, possibly even a record.

We had very heavy corn receipts here in Chicago, with more than 1,000 cars CCC corn, but this we believe is mostly grain coming here for storage and, therefore, should not have too much bearing on the market. All bids by exporters were rejected but during the week CCC sold 6.3 million bu, which included export, domestic use, and the drought program. The total since October 1st has amounted to 110 million bu compared with only 48 million bu last year. There was some business in corn to Europe, Italy having taken a cargo of #2 yellow corn for last half March shipment. The government reported that, according to the last count, more than 15 million acres cropland had been signed up by farmers under the 1957 Soil Bank Program. This included 1.7 million acres corn, 11.6 million acres wheat, while the balance was in cotton, rice and tobacco. Corn and spring wheat farmers have until March 8th to act, and we expect that further acreage will be retired.

There was a little better flour demand over the long holiday week-end, and it continued in a limited way this morning. The U. S. wheat and flour exports during the first 8 months, (which was from last July to end of February), are expected to reach a grain equivalent of 335 to 340 million bu compared with only 171 million bu during the same period a year ago. As for the balance of the year, a foreign crop bulletin states that export demand for wheat remains inactive, and that adequate shipping is now available. The world exports of wheat and flour in the 1956-57 crop year will likely exceed the level of the previous season and may be above the record 1,066 million bu that was exported in 1951-52.

After early weakness in the bean market there seemed to be some local buying and the market rallied in spite of the fact that there was no strength in either oil or meal markets. Trade on the whole was not particularly heavy. Corn prices were weakest at the opening and shortly thereafter. There were moderate rallies in the market, but no important buying that we could see. Rye prices improved, and as we have pointed out, the recent liquidation has been pretty thorough. Some of the local crowd bought rye futures on the possibility that further reactions might occur, and of course, we are not influenced by relative cheapness in Argentina owing to the fact that we have no big surpluses overhanging the market.

Chicago wheat stocks only decreased 136,000 bu, so that including the amount afloat there is still 8 3/4 million bu of wheat here. There was a large increase in local corn stocks, with the total amounting to 21.3 million bu. Rye showed a small decrease and bean stocks went down 172,000 bu, but there is still about 5 million bu here including 252,000 bu afloat.

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CHICAGO, 4 February 26, 1957

At the end of the Civil War, the U. S. had a population of less than 36 million people. We have come a long way since that time, and just the other day a big clock in the lobby of the Commerce Department Building in Washington ticked off the number 170 million. Day in and day out that same clock keeps right on ticking. It is th Census Bureau's way of publicly showing at all times an estimate of our national population. Every twelve seconds the total population figure is increasing by one to show a net gain after making allowance for births and immigrants with offsetting deaths and emigration. Our population will increase about an additional 3 million in the next twelve months, or 36 million during the next twelve years. In other words, the increase between now and 1969 should be as great as our total population at the end of the Civil War. It might also be of interest that at the end of that War the tax per capita was $8.70, while last year it reached a peak of $446.86 for every man, woman, and child in this country.

There had been some nice moisture over the corn belt since yesterday, but practically nothing in the wheat belt, while some parts of the Southwest, like Hutchinson and Independence spoke of winds, and the former had gusts that ranged from 35 to 40 miles per hour. This is the season of the year when crop scares often start, and we should not be surprised if this year would run true to form. Moreover, the winter wheat acreage has been cut appreciably, and we see little chance of raising a large crop, although in some areas of Missouri and eastern Kansas, there has undoubtedly been improvement, and the same holds true for parts of Oklahoma, although the Texas Panhandle still presents a rather dreary outlook.

We had news this morning that Austria had purchased a cargo of corn for March shipment and that she would be in the market later on for 7 additional cargoes. The corn situation is still much the same as it has been. Country selling is light. CCC sold 140,000 bu to exporters but all other bids were rejected, and there continues to be a movement from the country to Chicago, the corn apparently coming here for storage. Statistically we still have an enormous surplus, and the government is preparing to take over the defaults and is, therefore, making room in the country when that occurs. There will probably be some more rain tonight an most of Wednesday in the corn belt, with little change in temperature. Meanwhile, there is a rather favorable corn-hog ratio. As of last week it was 13.1, very little changed from the previous week, but this compares with 9.3 a year ago. From what we learn in some Illinois counties, farmers are making very little effort to sign up under the Soil Bank Program with respect to corn. In Champaign County, for example, we heard that there were only 20 applications with 329 acres involved, although in the southern part of the State applications were running much higher, and many more acres are expected to be retired. The goal is for about 4.5 million acres.

Primary receipts of wheat amounted to 920,000 bu which compared with 1.1 million bu last week and 1.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 201,000 bu. Contract stocks of wheat in Chicago are a little over 5 million bu, of which 1.8 million bu consists of #1 and 2 hard winter wheat, and 2.7 million bu #1 and 2 red winter wheat.

– Markets were rather dull and uninteresting, There was a little buying of new-crop wheat futures particularly after mid-session when the noonday forecast spoke of generally fair and cooler weather over Kansas and Oklahoma, and some wind likely in Oklahoma. There was a report that Yugoslavia had bought 8,000 tons of wheat, but this had very little influence on the market. There was considerable selling of March wheat by a commission house against which they took May wheat, On the other side of the market, elevator interests were taking the March wheat. Corn seems to lack friends at the moment, and that market was lower, but in beans there was a good deal of firmness in the March delivery, and this apparently had some influence on the deferred months also. As for flour business today, we saw signs of some hedges being covered in wheat early, but later on the business apparently had died down. As The Southwestern Miller points out, the bakery trade, with few exceptions, is already heavily booked ahead, and this prevents much activity on future commitments.

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CHICAGO, 4 February 27, 1957

There is still a great deal of discussion in Washington on the President's budget, although everyone seems to realize that our largest outlay still is for defense purposes. As the President has pointed out without mincing words: "The price of peace will necessarily be high." We know this in terms not only of economics, but in terms of military service expected of our sons, in terms of high taxes, and in terms of effort to help our world neighbors to remain free. There can be no doubt that world affairs are having a heavy impact upon us. Whenthe Suez Canal was blockaded, our American oil industry felt it in the appeal for greater shipments of petroleum to Europe. The stock market of late has shown that people, while not necessarily worried, are at least cautious, but the current picture of the American economy is not comparable to the one that obtained in the late 20's. Possibly the greatest difference between then and now is the psychological pattern. A serious crisis occurs only when it is not expected or when overconfidence is rampant, as it was in 1929 and in similar periods of the past. Our people today are fully aware that the boom which has continued now for seven years cannot continue indefinitely. They also realize the possibility of a major war, and these are sobering influences. As Dr. Nourse points out, a constructive recession is not the same as a depression. Recession when it occurs is a sort of cooling-off of the overheated economic machine, or it may be a temporary slow-down of the rate of growth and is not necessarily a stoppage of business or a reversal.

There are still many factors that are, indeed, constructive. Foremost of these is probably the fact that the majority of our employable people are earning money at good rates and are still buying goods. Another bright spot on the horizon is that world trade as a whole continues to make significant advances. World exports rose from a $56 billion total in 1950 to an estimated $95 billion in 1956. Gold and dollar reserves of foreign countries, exclusive of Russia, have nearly doubled during this period-- from approximately $16 billion early in 1950 to $29 billion in 1956. These totals represent opportunities for expanded private trade. The greatest threat to our economy is still inflation and not a credit crisis. A realistic attitude at present restrains private business from unduly expanding its activities. It likewise reduces any propensity toward the kind of optimism that leads to orgies of speculation that have so often ended in massive bankruptcy.

Before our market opened this morning, there was not too much to guide it. CCC had sold 340,000 bu corn, track Atlantic, but other bids from exporters were rejected. There had been some allocations granted to Brazil, but this was in line with previous commitments that had been made. The crushing figure showed that during January, 28.4 million beans were processed, an increase of 4 million bu from a year ago.

Weather was mostly dry over the Southwest and there was not any indication for moisture of any consequence either overnight or during the next five days. On the other hand, the Nebraska weekly report stated that wheat acreage losses from high winds and soil blowing were considerably less than during the previous week, although some areas were still experiencing difficulty with soil erosion. The Kansas report spoke of the snows in central and some western areas that ranged from 2 to 4 inches, and these apparently protected wheat from the sharp temperature decline, while at the same time furnishing a little moisture temporarily. The southwestern part of the state remained dry, so that danger of soil blowing continued critical. A little wind erosion occurred in scattered counties last week but damage was very light.

Primary receipts of wheat today were a little larger than last week, and slightly less than last year. Minneapolis and Kansas City stocks so far this week show a total increase of 227,000 bu.

We had some interesting comments from central Illinois, where it is thought that the amount of corn which will have to be taken over on defaults will run about 20% heavier than last season, and that the amounts involved will be big. Thus, there maybe a potential shortage of elevator space, which means that more corn will have to be moved from the country. They also tell us that in that section of the State more beans are left in the country than have been sold so far on this crop. In spite of this, the bean market was rather firm today, and it is thought that deliveries on March contracts will be small, if any. Wheat was lower due to lack of interest and some liquidation of March contracts. The bakery flour business is at the lowest rate of the crop year, according to The Southwestern Miller. Corn prices declined fractionally, but the movement of free corn in the country is next to nothing.

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CHICAGO, 4 February 28, 1957

The overnight news from the Middle East was much more encouraging. A peace formula was disclosed whereby the U. S., France, and Israel had agreed to the withdrawal of Israeli troops from two disputed areas, and the replacement by U. N. forces for an indefinite period. Of course, Egypt will have to agree to a solution of this kind, but for the moment at least tension has been relieved.

Here at home there was nothing much in the grain news overnight, although the Department of Agriculture still is of the opinion that our total wheat and flour exports for the season will be close to 450 million bu as compared with 346 million bu exported last year. On that basis we may reasonably expect a moderate reduction in the carryover reserve next July, and it would be about the first time since 1951 that the trend has been in that direction. USDA also figures that if our exports should drop to 350 million bu in the next crop-year, our reserves would be further reduced to about 856 million bu by mid-1958. This forecast assumes that domestic consumption will remain about constant and that farmers will retire more than 13 million acres of wheat land to the Soil Bank. On that basis it is presently assumed that the combined winter and spring wheat crop next summer will amount to 810 million bu. The carryover stocks of rye are now forecast at about 9 million bu on July 1st, which would be a drop from 16.7 million a year earlier.

The Assistant Secretary of Agriculture, Mr. Butz, stated recently that in his opinion government marketing services are valuable and essential, but that he was neither happy nor proud of the fact that federal agencies were involved so deeply in the direct handling of farm products. It was their hope that through improved farm programs they could get themselves out of the direct handling of farm products as much as practicable, and as rapidly as possible. As he views it, the government's contribution to farm marketing should be in the service field, such as marketing research, market news, grading and inspection, etc., etc., but that the actual buying and selling is a job for private industry. How truly we all feel that such objectives could be reached. The marketing job is a big one but was always efficiently handled by private interests in the past. American farmers last year had cash farm receipts of nearly $30 billion. This figure in effect is a distribution figure as well, since practically everything that was raised was either sold or distributed.

There was virtually no moisture overnight in the Southwest and the chance for any important precipitation is not indicated, although southwestern Oklahoma and western sections of Kansas and Nebraska may receive some light rain. The Oklahoma crop bulletin spoke of moisture conditions, which were greatly improved during the past week by rains and sleet. Accordingly, they said surface moisture was adequate for the present in all areas of the State excepting the Panhandle counties, which received only small amounts. Wheat and oats seemed to be in normal condition for this season, excepting in the northwestern counties where dry weather has prevented germination and growth.

CCC rejected all corn bids overnight but this may be only temporary as bids were lower due to yesterday's decline in futures.

The only statistics today that received much attention were deliveries, and up to noon tenders on March contracts were over 2 million bu wheat, 2.2 million corn, over 1 million bu soybeans, 400,000 bu rye, and 340,000 bu oats. Retenders were comparatively moderate, but we presume there will be further circulations during the balance of the day. In any event, more wheat was put out than had been expected, and this caused March wheat to go to a discount under May for the first time in many months. Whether any of the exporters may want March wheat as a protection against possibly heavier export sales later on, remains to be seen. March beans also lost their premium over May, and there was a reasonable amount of liquidation in the various pits.

U. S. wheat and flour shipments for the week were estimated by Broomhall at 7 1/4 million bu, and since July 1st they have amounted to 330 1/2 million bu vs 168 1/4 million bu last season. There was also some narrowing of the spread between May and July wheat in spite of a few reports of sprinkles, as for example, at Sterling, Colorado and Enid, Oklahoma. We still believe that the main feature in beans is the tight holding tendency on part of farmers now, but that during the spring months they may have to sell on a heavier scale.

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CHICAGO, 4

March 1, 1957

The overnight news was a little more quieting with respect to Israel, and that country was to announce its plans regarding the withdrawal from Egypt in the U. N. today. The Ambassador, Mr. Eban, made this disclosure after talking with Secretary of State Dulles and other U. S. officials in Washington. He went so far as to say that the statement would cause widespread satisfaction. As conditions are today we have made long-term alliances with many countries of the world, whose ideals are similar to ours in order to resist a common enemy. None of these foreign alliances have been of aggressive intent as have been other alliances in history, but they have been mostly for our mutual defense. International relationships are complex and often difficult. Even in this country we do not agree amongst ourselves as to how we shall proceed but certainly there has been a wide departure from the days of Washington, when in his Farewell Address he stated that we should avoid "foreign entanglements." Even the Monroe Doctrine, which always was held sacred has been extended beyond the North American Continent. Of course, the world has grown so small in size that one's thinking naturally must change, and the simple relationships of our earlier years are no longer possible. As a great nation, we have never sought any aggressive steps, nor have we wanted to become embroiled in the rather constant fueding of some of the older European countries. As a matter of fact, we would be even happy today if we could be left alone so that we could devote our energies to the constructive problems that face us at home.

There was not much grain news overnight except that the deliveries of wheat seemed to have been pretty well taken. A large export house had stopped over a million bushels and, surprisingly enough, a good part of the tenders consisted of re wheat. There is, of course, the possibility that export business will develop on a heavier scale before long. There was some buying today that may have been the lifting of hedges against new business. In any case, March wheat, which had been relatively the weakest yesterday, gained a little ground at the opening, and the price was about even with May. Should any wheat be ordered out of Chicago, it would naturally influence also the difference between May wheat and new-crop futures, and this is something that should be carefully watched. Generally fair weather prevaile over all grain belt areas except for a little rain in the extreme eastern portions of the corn belt. It was dry in the Southwest, although there may be some showers in Oklahoma tonight or Saturday, but the amounts are not expected to be heavy.

CCC sold additional amounts of corn to exporters and taking both the Atlantic and Gulf Coast there was nearly 800,000 bu involved. This, however, had very little influence on the corn market, as there had been a short interest built up and a covering movement this morning gave us a firmer market, while the same thing happened in beans. It was reported that Yugoslavia had purchased a cargo of #2 red winter wheat, while the Continent bought some parcels of corn. According to a United Press dispatch, Poland was reported to have raised its bid for U. S. economi assistance by seeking $200 million worth of American wheat, cotton, and various feedstuffs. In these transactions the Poles are trying to negotiate a $100 million loan from the Export-Import Bank in Washington. It is thought that the Poles are interested in the purchase of a million tons of wheat and $50 million worth of foodstuffs. Next week Iran is expected to receive tenders on approximately 2.3 million bu wheat from this country.

Primary receipts of wheat were 1.1 million bu against a holiday last week, and 908,000 bu last year. Kansas City and Minneapolis stocks show a net increase so far this week of 189,000 bu. When the visible supply is published Monday it will compare with a decrease last season of 3 3/4 million bu.

Trade picked up a little bit, and the market firmed up after it was seen that the tendered wheat had landed in strong hands. There was also some evening up prior to the week-end, and, of course, the weather still remains unsatisfactory, although the new-crop wheat futures lagged a little, and did not keep full pace with the March or May wheat. There was not a great deal of feature to corn, except that the market has had a fairly good decline, and is probably entitled to a little reaction. Beyond that we doubt whether much will happen as long as CCC selling continues. Beans were rather firm, but there was no special feature, except that processors have only about two-month's supply of beans on hand, whereas very often at this season of the year they have a three-months supply on which to work. Rye was firm, and there seems to be a better sentiment despite the large crop in Argentina, and the comparative cheapness of that market.

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CHICAGO, 4 March 4, 1957

Plans for helping agriculture started as far back as 1928 when President Hoover decided that something should be done to raise prices. It was then hoped that the U. S. Farm Board would bring this about by paying prices that were actually higher than were merited by supply and demand conditions. The result was that the revolving fund of half a billion dollars that was intended mainly for the purchase of cotton and wheat was soon completely tied up, and the accumulations were finally sold when President Roosevelt took office. As far as we can see there has been nothing accomplished since that time to really be of a permanent nature. Every time the loan was higher than the market, surpluses were built up, and we are now faced with the same situation we had at the end of the Farm Board Era, except on a much vaster scale, with over a billion bushels of corn and a billion bushels of wheat in government hands.

The present administration has tried to cope with the problem by cutting acreage under the Soil Bank Program, but apparently there are some farmers who believe this is either not permanent or a slow method. A meeting was held last week when the central theme of discussions at the National Farm Institute considered new approaches to present problems. The participants, meeting at DesMoines, were in general agreement that the agricultural industry is tooled to producing a larger output than present markets will absorb at prices satisfactory to farmers. The problem, therefore, as they saw it was to expand domestic demand as well as foreign, or else shrink production. Current and past programs received a thorough going over, but there was no general agreement as to how the problem could be satisfactorily resolved. One speaker noted that while exports are running at an all-time high, perhaps more than 60% of the shipments are under some special program where subsidies are involved. Another view held that present methods of moving grain abroad should be strictly interim measures and that after one to three years the U. S, agricultural plant should be adjusted to the effective demand, with private trade again assuming responsibility for exports.

In the meantime, we note that over 16 million acres have been signed up under the 1957 Soil Bank acreage reserve as of February 22nd. This third report on progress shows that 2.1 million acres corn are involved, over 2 million acres of cotton and 11.8 million acres of wheat, plus some sundry commodities of a smaller nature While March 8th is the deadline for entering the program, there is some possibility that farmers in the commercial corn areas who are waiting for a possible change in legislation may not sign agreements by that time, and there is considerable discussion concerning that matter in Washington.

Over the week-end there was a good export business in wheat to Yugoslavia, that country having taken 5 cargoes while Germany also took a cargo and more business seems to be developing to Greece and to Chile.

We had between one-third and one-half inch rain in parts of the Texas Panhandle and some nice moisture in Oklahoma, which is bound to do some good, particularly in the latter State where they had relief previously. The Santa Fe report was less pessimistic than some had anticipated. They spoke of the recent moisture over much of Texas, Oklahoma, New Mexico, which also extended into southwest Kansas.

The government rejected all corn bids to exporters overnight, but last week's CCC sales were over 10 million bu, including 6.4 million domestic and 2.7 million for the drought program. The total since October 1st has amounted to 120 million vs 50 million last year.

Chicago wheat stocks declined 364,000 bu, leaving 7.6 million bu in elevators, and 765,000 bu afloat. We see no signs of any of the wheat being ordered out that was taken on delivery, although this might come later. Local corn stocks increased about 1 1/4 million bu, and including the amount in ships there is 22.6 million bu here. Oat and rye stockd did very little, but beans declined 277,000 bu, leaving nearly 5 million bu in Chicago including afloat stocks.

Markets behaved as one would have imagined. The nearby deliveries were firm on export buying, but new-crop wheat futures were weak, and during the session there were more reports of rain, the best probably occurring in southwestern Oklahoma. In many districts there was 1/2 to 1 inch of rain, and the comment was that wheat looked wonderful. There was no pressure on the bean market, and prices were moderately higher, but there was no important feature in that pit. Corn also did better, and the cash basis was higher. Country offerings remain next to nothing, but whether the market will go far remains a question if government selling continues Rye was very firm, and after all the liquidation that we have had there seems to be a better sentiment,

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CHICAGO, 4 March 5, 1957

There was nothing particular in the overnight news, except that there had been some more rain over parts of the Southwest, the heaviest was probably at Dodge City, Kansas, where they had 1/2 inch, while elsewhere it was spotty, and a good many places were clear, but the pattern is about the same as it has been; namely, we seem to be getting light scattered moisture, which in the aggregate will do some good. In Oklahoma, the amounts have been heavier, and altogether crops in that State seem to be progressing pretty well, particularly in sections of the State that have had moderately good amounts of moisture. There was some rain in the Texas Panhandle, but it centered mostly around Amarillo, but the map is still a little unsettled, and we may have some further relief, all of which would be helpful, even on a small acreage.

Meanwhile, there undoubtedly will be more export business, and as this takes place it probably will continue to take hedges out of the pit, as has been the case recently, except for the amount of scrip that is used in transactions of this business.

The President has asked for additional funds to take care of shipments under P L 480, and undoubtedly these appropriations will be forthcoming. In fact, there has even been talk that larger grants would be made than were said to be needed. Since the beginning of operations under this program from July 1954 to the end of 1956, there has been a staggering sum of business handled, the amount totaling $4, 677 million, of which 60% was accounted for by agreed sales for foreign currency and the remainder by donations, famine relief, and barter transactions. Under Title 1, which takes care of sales for foreign currencies, there have been 78 agreements negotiated with 30 different countries, and almost half of the total sum was used for the handling of wheat. Moreover, during the last crop year, total appropriations for disposals under Title 1, were increased from $1.5 billion over a three-year period to $3 billion, and the programing during the July-December 1956 period ran up to the staggering figure of $1, 672 million, with the end not yet in sight. Under these circumstances, it is quite obvious that the government is still in business on a big scale, and they will continue to bend efforts to ship as much as possible during the coming crop year, except that with better harvests in Europe it will not be quite as easy to do the large business that is being consummated during the current season.

Meanwhile, farmers' realized net income last year rose to an estimated $11.8 billion, which was up 1/2 billion dollars from 1955, or an increase of 4%. Were it not for the huge production costs, agriculture would be faring even better, but inflation has hit the farmer as it has every other segment of our economy. Farmers' outlays for labor and other production expenses have risen from $7.6 billion in 1941, when we entered World War II, to a total of nearly $23 billion at the present time. Even though realized gross income has nearly tripled during that period the farmer has not benefited to the full extent, as net income from all sources including government payments, has just about doubled, but even this is not too bad a situation considering the vast amounts of machinery and implements that have been acquired, many of which may be in use for a considerable length of time.

Primary receipts of wheat, with Peoria missing, today amounted to 939,000 bu, practically the same as last week and this compared with 790,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 20,000 b

Trade was rather dull, but the wheat market was very firm in spite of the fact that flour demand was slow, and nothing much was reported in export circles. The fact that an export house has stopped most of the wheat so far has tightened the nearby positions a little. However, deferred months were also stronger, despite the additional moisture that had been reported. France seems to be asking for offers tomorrow on two cargoes of corn, but the government sold an exporter 240,000 bu overnight. It is this selling which puts a damper on the market. Beans were higher, and a good deal of the trade represented changing between months. The March was wanted by cash houses as the discount under May widened.

Secretary Dulles said that the Suez Canal could be opened within ten days if work went ahead vigorously.

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CHICAGO, 4

March 6, 1957

The American farmer was better off in 1956 than was the case the year before Part of this was due to Soil Bank payments, together with an increase in the volume of farm marketings, which more than offset higher production expenses. As a matter of fact, production expenses per farm in this country amounted to a little over $4, 500 last year, which left farm operators on an average a total net income of $2, 384. This may not seem like a lot of money, but at the same time it should be remembered that most farmers had their living expenses taken out before the net figure was realized, and thus they had their rent and a good part of their food before arriving at a figure on which their income tax was based. Taking by comparison the non-farm population, we find that the average income per capita was about $2, 000 last year, also up slightly from the year before. However, in this calculation it must be remembered that some of the income was derived not only from business ventures, but also, from interest on bonds or dividends from securities on money that had been accumulated over periods in the past. Furthermore, being an average figure it took into account persons with very large incomes and a good many widows who had inherited money and who did not work for a living, while at the same time it included people in low income tax brackets who had very few sources of income except for the money they received in their weekly pay-checks. When it is considered, however, that the non-farm population received this $2, 000 on an average per capita they were required first to pay taxes of various sorts and then came the big items of rent and food, which probably took a large chunk from the gross. In other words, there could not have been too much left to put into the bank, and taking our total population, both farmers and city dwellers, we find that in 1956 the average income per capita amounted to $1, 862, which compared with $1, 793 for 1955.

Before our market opened this morning, there was not too much to guide it. There had been some light to moderate precipitation in western and northwestern Kansas, also some in western Nebraska. Light snow fall occurred over portions of the Northwest and in Iowa. We had reports of 4 inches snow at Garden City, which is in the western part of Kansas, and they also had 4 inches of wet snow in Sterling, Colorado, where it had been very dry. Elsewhere moisture was not particularly heavy, but the weather map suggests that there may be further precipitation tonight or tomorrow, although amounts may not be heavy. In any case, new-crop wheat futures were weaker this morning but there was comparative firmness in the nearby positions, probably for the reason that more export business is in the offing. Early rumors were circulated to the effect that India had purchased 12 cargoes wheat and other business seems to be in prospect. The state reports for Kansas and Nebraska were not too optimistic. For Kansas they said that large areas in the western half of the State continued in critical danger in the event that March winds became strong Lack of rainfall in Nebraska and short soil moisture dimmed the outlook for crop production for next summer.

Government figures on CCC inventory, as well as wheat held under loan, showed 1, 006 million bu vs 1, 039 million bu at the end of December. Corn was 1, 323 million bu vs 1, 200 million bu.

Primary receipts of wheat today were a little smaller at 830, 000 bu, and this compared with 904, 000 bu last week, and 502, 000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 114, 000 bu.

There was weakness in July wheat today, and during the session we heard of some very fine moisture in southwestern Oklahoma; in fact, sentiment there was optimistic with water standing in the fields, and moisture conditions were said to be the best since 1949. The nearby deliveries of wheat were firm early, but later in the session it was reported all the winter storage cargoes here in Chicago containin about 765, 000 bu of hard and red winter wheat were being unloaded into a Chicago elevator. This caused weakness in March which also influenced May. Flour sales continued small, but some export hedges apparently were lifted. There seemed to be a little heavier selling of soybeans and free corn from the country. Quantities were not large, but at least it tended to show a change in attitude. The government sold about 520, 000 bu of corn overnight to exporters, and markets generally were draggy, while beans reacted, probably influenced also by lower prices for soybean oil. Rye broke with the balance of the market.

A large plant at Decatur served notice that there might be a strike effective Sunday night, and they requested that shipments of beans and corn to that plant be held back as much as possible. This may result in a diversion of these grains to other points.

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CHICAGO, 4 March 7, 1957

During 1956 government payments to farmers amounted to about $554 million. Three-fourths of the increase was attributable to initial payments that began in September under the acreage reserve program of the Soil Bank. Chances are that as time goes on this figure will grow. However, the government has indirectly helped producers in many other ways, primarily in holding up the loan price of various commodities, so that farmers would not have to sacrifice their products and in the event of a default the loss was assumed by the government. In addition to this on the exports that came under subsidy, the government took the loss on shipments that were made and altogether farmers have come to believe that these various programs are something to which they are entitled, the same as a manufacturer who has the benefit of a high tariff to protect him against cheaper foreign labor. Last year 14,000 farmers were fined $8 1/2 million for refusing to let the federal government dictate and subsidize their farming operations. There is a group that is not satisfied with the fact that farming operations are becoming at least to some extent socialized; in fact, recently a group organized in the Mid-West and called themselves "The National Federation of Independent Farm Organizations." It was composed of farmers who simply felt they wanted the federal government to let them alone. The membership pledge which they signed read in part: "...believing that all government subsidies and controls on agriculture or any other business are unconstitutional and socialistic, hence, un-Amercian. I do hereby promise not to apply for nor accept any kind of subsidies or direction from the government in my farm program and will... make every effort to prevent Agricultural Stabilization Committee representatives from entering my property for any purpose."

Before our market opened this morning, it was found that there had not been much moisture in the Southwest, and as a matter of fact the outlook is for mostly clearing conditions, although some precipitation will probably occur over the corn belt. The government had sold exporters over a million bu corn at the Atlantic, bu all bids at the gulf were rejected.

U. S. wheat and flour shipments during the past week amounted to 6.3 million bu, and total clearances since first of July have amounted to 340 million bu, according to Broomhall, which compares with 172 3/4 million bu last season. U. S. corn exports for the week were nearly 2 million bu and the total since October 1st was 65 million bu, or an increase of 15 million over last year. Some wheat business is expected to be placed by Brazil shortly, and there was nothing new on this early, although they had until tomorrow to reply. The business to Germany was postponed for a week, but, nevertheless, wheat prices were a little higher on the prospect of this business being helpful to the market, particularly if the supplies come from free sources. Weather seems to be rather mild over the European Continent but the outlook for winter grains is promising in most areas. Moisture supplies are mainly satisfactory and active spring planting is expected. In France, the acreage will be larger than last year and a very substantial harvest will be realized if conditions remain favorable. In Western Germany there has been a fair amount of precipitation and clear weather is now wanted, while the winter wheat in Italy has emerged under good conditions, so that spring work has become active. Broomhall states that the South African corn crop may reach a record of about 155 million bu, provided weather remains good until mid-April.

Primary receipts of wheat were just less than one million bu, which compare with 826,000 bu last week and 943,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 165,000 bu.

The trade was in a waiting mood until the Brazilian business was finally confirmed. Apparently one house got the entire order for the 25 cargoes that were sold. No hedges were covered in the pit as far as we could see, and we are told that there probably will be quite a bit of scrip involved, so that this is quite different than if the stock had to come from the commercial supply. When the news became known there was some selling in the pit. Altogether, the market was rather weak, particularly the nearby positions, which lost more ground than did the new-crop futures. The spot basis for corn was lower, due to the fact that some buyers had withdrawn from the market. Corn was a little firmer early, possibly influenced by a statement from the Assistant Secretary of Agriculture, Mr. McLain, who said that the government selling might have had a little influence in depressing prices, although he added that their heaviest liquidation was probably over, and that sales at country points probably would taper off. Best prices in corn did not hold. Beans did very little, although they did fail to hold their early advances.

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CHICAGO, 4

March 8, 1957

During the past ten years all American corporations together earned $362 billion during what we consider a very prosperous era. Of this amount the government was the largest beneficiary, having taken in taxes $175 billion, or about 48%. Stockholders, many of whom had their life savings in these companies, received $91 billion in dividends, which was about 25%, while business retained a total of $96 billion, or 27% to meet its entire capital needs in a period of unprecedented and expanding demand. There are some 10 million owners of American corporations whose dividends provide necessary income, as well as substantial taxes, so that actually the government shared even to a much larger extent from monies that were earned by American business. Of course, the government needs these revenues from profits for the maintenance and preservation of our present precarious budget balance. Looking ahead to the future we must also realize that if the government is to continue to share in our prosperity that the nation's long range outlook must continue bright to support sufficient earnings to take care of the companies which are continually trying to meet obsolescence, while at the same time providing for new automatic equipment which will be so necessary in a period when the proportion of the labor force to the total population will be decreasing.

What would happen, for example, to the average worker who sought a job if his employer told him he could give him work if he brought the proper tools and equipment with him. In many industries today the average tools for workers cost $15,000 or more. Certainly it takes years of strict thrift for anyone to accumulate such amounts of savings. Under free enterprise a young man who comes out of school or college does not have to bring his own tools with him. He can team up with others who have saved and invested in tools, but who either cannot or do not want to operate these tools themselves. A fair trade is then arranged between the owners and the users to the benefit of both parties. The young man benefits especially because it enables him to find a good job at once, and with satisfactory remuneration. Thus, with the tools that are available to his use, the average worker in the United States can produce in one year what it would take him 20 years to produce without the aid of these tools -- almost half a working generation. Thus, we can see how necessary it is that American business should succeed and prosper. Unless profit margins are satisfactory, not only would our corporations suffer, but also the government, and the workers, who are all a part of the great economic system. Corporate success is necessary in order to perpetuate progress, and the livelihood of millions of people who are interested in sustaining economic growth of a country which has brought us the world's highest standard of living.

Primary receipts of wheat which were a little over a million bu, were slightly less than last week but somewhat more than last year. Kansas City and Minneapolis stocks so far this week show a net increase of 172,000 bu. When the visible supply is posted next Monday it will compare with a shrinkage last year of 3 1/4 million bu.

We had comments from downstate regarding the Illinois wheat crop, and they were of a very optimistic nature likening it to the best that we have raised in years, except, of course, that the acreage will be smaller. It was still dry in the Southwest, and for the next five days we doubt whether there will be much rain, based on present predictions. New crop futures of wheat were firm, while the nearby were indifferent, and there was a little selling of March, presumably by longs. A little better flour business prevailed, and this had some influence for a time, but after hedges were covered the market turned very dull. There were reports of France having bought some corn in this market, but this had very little effect on the price level. The government only sold 100,000 bu overnight to an exporter, but most of the bids were rejected. Everyone knows that we are faced with a huge carryover, but there is hardly any pressure from the country, and selling from first hands is extremely small. More than 18.5 million acres of crop land have been signed up by farmers in the 1957 Soil Bank Program. This includes over 3 million acres of corn. which is an increase of nearly 1 million [illegible] over last week. The wheat figure is 12 million acres taken out of production, which includes some spring wheat, and today is the last day that producers can take advantage of the program for spring wheat an corn. Generally speaking this was an extremely quiet session. Beans did very little although a barge left here with 48,000 bu, apparently destined for the Gulf. This strengthened the March delivery, but had little influence on the distant months. Many in the trade believe that there will be a pretty fair export business in wheat, it will be handled generally through government scrip certificates,

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CHICAGO, 4 March 11, 1957

Probably at no time since the pre-Korean War years has public interest been stirred up as much with respect to the budget as it is at present. The main reason, of course, is the proposed big increase in federal spending, which would eat up rising revenues that would otherwise be available for tax reductions. Ordinarily it is the President who is a restraining influence on the Congress, but this time Congress seems aroused, and there is real evidence of a desire to cut expenditures. However, when the legislative bodies get right down to the point of knowing where such cuts might be made, there seems great difficulty in pointing the finger toward the categories that should be reduced. Many budget analysts outside of the government have been studying this question in an effort to reduce the 1958 federal budget, but so far have not come up with anything very concrete except to say that in the administration's first two years, expenditures were reduced by $10 billion, or down to a figure of $64 1/2 billion.

Everyone knows there are no assurances that the economic boom will continue even through the coming fiscal year; therefore, it behooves both the administration and Congress to begin immediately seeking ways and means of doing everything in their power to bring about a better balance. Strangely enough, whenever some new spending program comes up, the committees themselves are unable to agree because there is generally a personal reason for wanting some program that might be rejected. Just recently the President, when asking for more funds to finance P. L. #480, requested only a billion dollars, and yet it looks as though a larger sum may be provided for that purpose. When the question comes up as to how much shall be voted for new schools and the grants that should be made to the states over a 4-year period, the same problems arise. For example, the appropriation requested for 1958 is $451 million of which only $185 million would be spent in 1958. However, expenditures would be much higher in the following years.

Before our market opened this morning, there was not too much to guide it. There had been a few rains in parts of the Southwest, but they were mostly light, elsewhere winds and dust were reported and during the session more of these were heard. It seemed to be blowing around Salina, Kansas, and in other territories, which is not unusual as we approach the spring season. This is one reason that it is so necessary to have good moisture earlier, so that topsoil is not disturbed.

The Agriculture Department relaxed limits on retirement of acreage to the Soil Bank by spring wheat farmers, and announced that 400,000 acres spring wheat which had previously been on the waiting list would be accommodated. CCC sold somewhat heavier amounts of corn to exporters, with nearly a million bu involved. On the other side of the picture Turkey was said to have bought 2 cargoes #2 yellow corn and we also heard that Turkey had purchased 6 to 8 cargoes wheat, although we saw little evidence early in the day of any appreciable amount of hedge-lifting. Iran is expected to buy 6 cargoes hard wheat and Chile is also to be in the market for approximately the same quantity. The Portland government office handling scrip will discontinue honoring certificates in that territory owing to the strong demand for wheat in the Northwest, which has also greatly reduced surplus supplies. We also heard early that the Staley plant at Decatur, Illinois, had settled its strike, which otherwise would have started yesterday.

Chicago wheat stocks increased 251,000 bu, but the afloat stocks decreased 682,000 bu, and these changes came about due to the fact that two boats in the river were unloaded, and the wheat was put into elevators. There is about 8 million bu still remaining in Chicago. Corn stocks increased over 1 million bu to a total of 23.8 million bu. Other changes were not significant except that bean stocks in Chicago declined 441,000 bu, and including the amounts afloat we have nearly 4.5 million bu here.

Trade was extremely dull, and there was hardly any feature to the market. Dust, which was reported over several areas of Kansas, failed to encourage much buying, although the deferred months gained again on old crop positions. During the week CCC total corn sales amounted to 6.4 million bu, which included 2 1/2 million bu in the domestic trade, and nearly 3 1/2 million drought certificates. The total since October 1st has been 126.5 million bu vs 53.3 million a year ago. Corn was very firm, but there was no heavy buying that we could see, although the market ran into stops. March beans also were firm as compared to later months, and trade in that pit, as elsewhere, was comparatively light. Rye was indifferent early but finally had a good bulge.

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CHICAGO, 4 March 12, 1957

News from the Middle East was discomforting, to say the least. Egypt announced that she was sending her own administration into the Gaza strip to take control, and named a military governor. This action threatens the status of the 3,000-man U. N. Force, which took over from Israeli last Thursday. However, there was not much market impact and even the international oil stocks were only a little lower, while in grain more attention seemed to focus on other matters.

There had hardly been any rain overnight but instead dust and some blowing were reported over sections of Kansas, which was disconcerting, although even the new-wheat futures were not much higher at the opening, as many people have in mind that present price level is some 25¢ per bu higher than last year at this time. Flour demand has turned slow again, and from what we hear most of the local mills have sufficient supplies to carry them through until a new harvest is available. France purchased 13,000 corn while the CCC sold an exporter 840,000 bu, but otherwise there was not much feature to the cash market, although the basis was lower. There had been some light snowfall in Iowa, while rather good rains were reported over other portions of the corn belt east of the Mississippi.

A lasting tribute is being paid to the memory of Dr. L. J. Norton, who had been a Professor at the University of Illinois, and who died in 1956. Not only was he a great teacher and a learned counsel to farmers in this State, but he was a great friend of the grain trade. He was regarded as an authority on agricultural economic matters, and we quote a short paragraph that shows the character and thinking of this great individual: "I admit a bias toward free markets as a mechanism for getting foods produced and distributed. My considered opinion is that in providing adequate food for basic human needs, a free market will operate more effectively than any program involving planned marketing, price controls, state trading, or any of the devices which planners can conceive in efforts to plan production, distribution and consumption."

Wheat deliveries thus far in March have been taken largely by an export house, although no wheat has been shipped from Chicago and general demand is not particularly keen. Nevertheless, all wheat spreads will depend to a large extent on what finally happens to the wheat that has been tendered. Ordinarily we would expec that there would be further narrowing between May wheat and the new-crop position but we reserve final judgment until we can learn what disposition will be made of this wheat, and further, to see if there is any export demand sufficiently great to draw on Chicago stocks. We hear that offers are going out to Germany tonight on 100,000 tons hard wheat, and that country is also interested in 4 cargoes corn. As to the wheat, it remains to be seen whether the business will be accomplished through scrip certificates or whether the demand will come from commercial supplies.

Primary receipts of wheat amounted to 927,000 bu today, which was practically the same as last week, and also the same as last year, Kansas City and Minneapolis stocks so far this week show a total decrease of 97,000 bu.

There was no important feature in any of our pits. There was early buying o beans, and there was no special reason for this except that with some shipments being made out of this market the nearby position stays relatively firm, and thus the deferred futures have been sympathetically affected. We should not lose sight of the fact that there are still about 60 million bu under the loan, but, of course, part of these may come out and be added again to commercial supplies later on. Meanwhile, of course, processors are not too well supplied nor are country offerings heavy. Wheat was not influenced by the dust reports and at mid-day weather repor indicated some chance for moisture in the Southwest, although it was not expressed too hopefully. As far as the wheat plant is concerned, there is some doubt as to ho much damage has been done thus far by wind blowing, as so often occurs in the ear spring, although it is generally conceded that a good, soaking rain would be extrem ly helpful. There is some buying of Kansas City futures against sales of Chicago, which seems to be narrowing the spread, and the general assumption is that wheat around our part of the country has withstood the winter better than has wheat in Nebraska, Kansas, and Oklahoma, not to speak of Texas, where the outlook is still very bad. We should not be surprised to see their market gain further on us.

The bulge in corn was not too impressive and best prices did not hold, although the close was a little higher for March. Chicago stocks are very large, whic includes, of course, some corn which Commodity has brought here for storage purposes.

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CHICAGO, 4 March 13, 1957

After the close of the market yesterday, the government furnished us with some figures showing impoundings of various grains, and also, the extent of redemptions to-date. As of February 15th, a total of 181.2 million bu of 1956 crop wheat was still under support. This figure was arrived at by the 250.8 million bu that had been placed under support less the 69.6 million bu in loan liquidations to date. Withdrawals during the last thirty days amounted to nearly 16 million bu. It is rather interesting to study these figures a little more closely to see where the wheat came from that was returned to commercial channels. We find, as was to be expected, that it occurred mainly in the Pacific Northwest due to a better price relationship there than elsewhere. The figures speak for themselves and we show below the total amounts placed under support, as well as the quantities withdrawn:

STATE	TOTAL QUANTITY PUT UNDER SUPPORT	QUANTITY WITHDRAWN FROM LOAN
Washington	19,323,622 bu.	17,655,796 bu.
Oregon	8,015,138	6,878,458
Idaho	9,982,657	6,467,750

However, for the State of Kansas there has only been 2.2 million bu redeemed out of a total of 71.1 million bu impounded, but for the State of Oklahoma the same circumstances did not prevail with 24.4 million bu originally placed under loan and nearly half this quantity withdrawn. The State of North Dakota had 38.2 million bu impounded and only 3 million bu withdrawn. On basis of the quantity still tied up we can still foresee that there will not be too much free wheat left in the carryover reserve next July, but possibly enough to avert a tight situation such as we have experienced in other years. Moreover, it should be remembered that some of the early wheat in Texas and Oklahoma will be moving in June, so that while our crop-year does not start until July 1st, we shall have some supplies available from the 1957 harvest that will not show up in statistics, but which, nevertheless, may have a market bearing.

Corn impoundings were rather impressive and there are 312 million bu under support but a total of nearly 425 million bu, including the amounts from former crops, that have been resealed. There was an increase of about 100 million bu during the month, and this shows rather conclusively what happens when farmers are dissatisfied with the market price, which is something we have known for some time, as was shown by the small sales from country points. As for beans, there were 65.4 million bu under loan on February 15th, which compared with 30 million bu a year ago. However, 8 million bu was withdrawn, so the net amount is cut to 57.4 million bu and is still quite a sizeable quantity, being the largest figure we have ever had either at this time of year or at any other period.

Sizeable sales of wheat were reported to Germany, with about 5 1/4 million bu having been sold overnight, but there was very little hedge-lifting at the start, although an export house later on bought some May wheat, which may have been against this business. Germany also bought about 1 1/2 million bu corn, while Norway purchased nearly a cargo, with Japan taking 5 cargoes Pacific Coast wheat.

Primary receipts of wheat today were a little smaller at 871,000 bu; this compared with 830,000 bu last week, but only 560,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 57,000 bu.

Trade was again on the dull side, and early quotations in wheat were weaker in spite of the fact that a large business had been put through to Germany, but it looks as though much of the trade is being handled through scrip certificates. On the other hand, the overnight weather was dry, and except for possibly some light showers in eastern parts of the Southwest there is not much relief indicated. A substantial volume of national family flour business was reported, but ordinary bakery flour sales were still small. Corn held only reasonably well. The spot corn basis was probably 1/2¢ better, but futures trade was small, and we found very little evidence of new commercial buying in the pit. Beans were weak, probably in sympathy with lower prices for oil, and while the country is not selling anything to speak of, there are still pretty large stocks left in the country -- one estimate is that Illinois farmers are holding somewhere from 25 to 50% of the crop, while in Iowa it is up to 50%.

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CHICAGO, 4 MARCH 14, 1957

Day after day we get reports of export business, which ordinarily would be a bullish stimulus to the market, but owing to the fact that exporters seem to have a good deal of scrip on hand, and that even those who do not possess much of it can buy it at discounts, all this seems to make a difference in our usual calculations. Accordingly, the trade has been mystified, and, indeed, disappointed, that as these rather large sales were reported they had so very little influence on the market. In ordinary times whenever such business was transacted, it would require the removal of hedges, and years ago we were accustomed to selling a fair amount of new-crop wheat at this season of the year for shipment during last half June or more likely for July and August, with the result that there were a good many new-crop futures bought. When this came more or less simultaneously with crop scares in the Southwest, we had the basis for a bullish market. Here lately the pessimism that has been expressed in state reports has been almost completely ignored. Possibly the reason for this is that wheat is selling 25 to 28¢ per bu higher than it did a year ago, and some people are of the opinion that this discounts a great deal, while others are simply not trading, and of late volume of business has been extremely dull.

This morning it was reported that Iran had purchased 6 1/2 cargoes hard winter wheat and that an additional 2 cargoes in wheat equivalent was sold in the form of flour to Ceylon. Instead of having higher markets, March and May wheat were actually lower, and we saw little evidence of any hedges being covered in the pit, which leads us again to the conclusion that scrip is being used largely against this business.

There was not too much news from the Middle East, although Egypt is going ahead with plans to take over civil administration of the Gaza strip over the weekend, and apparently without any opposition from the U. N. The CCC had sold exporters about 825,000 bu corn overnight, and reports from Washington were to the effect that it now looked as though there would be no legislation passed in time to affect the corn program. Under these circumstances, it is to be assumed that we shall have more or less the same corn program as last year, except for smaller allotments, with probably a secondary loan for non-compliance farmers. A federal farm official promised this morning that the administration would, if necessary, take extraordinary steps to prevent a collapse in corn prices, which by the same token might result in depressing livestock values. Assistant Secretary of Agriculture Marvin L. McLain made this promise after the emergency legislation to solve the corn problem was killed yesterday on the floor of the House following a rather bitter partisan debate.

According to Broomhall, crop conditions in Europe are pretty well maintained although rains in many areas have retarded field work. It is warm in France and they have had some more moisture, but winter wheat conditions are satisfactory, although spring plantings have been delayed. The principal need now is for some clear weather. It is likewise too wet in Western Germany but there, too, winter grain prospects are satisfactory, and altogether Europe seems to be headed for much better yields than last season, so that import requirements are bound to be cut as compared with this year.

Primary receipts of wheat amounted to 1,055,000 bu which compared with a little less than 1 million bu last week, and 838,000 bu last year. Kansas City and Minneapolis stocks together showed practically no change so far this week.

Markets were again dull, but there was a heavy undertone, and even though the mid-day weather outlook was not promising for rain Southwest, there was very little buying power; in fact, a local was a good seller of wheat which ran the market into stop-loss orders, and this had its influence in other pits also. Bakery flour business was poor overnight, so there was no encouragement from that source. The corn spot basis was 1¢ over the March, but commercial buying steadied futures, although it seems rather difficult to enlist speculative enthusiasm as long as the outlook is for a good-sized carryover. The December future was the weakest because of legislation.

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CHICAGO, 4 March 15, 1957

A report on the livestock and meat situation by the USDA states that a 7-year expansion in the number of cattle on U.S. farms has ended, which brightens considerably the longer-range outlook for prices to producers. The 95.2 million head reported January 1, 1957 was 1.6 million fewer than the all-time high of the year before. Most of the reduction during the past year occurred in the Great Plains region where large areas had been damaged by severe drought but cattle numbers have not yet turned downward in either the South or the Mid-West, the other two major areas. However, rates of increase have slowed in both. In looking at the nearby picture, less improvement in price is in prospect for 1957 than for the long-range out-look. The inventory of steers is down 4% from the very high number of the year before, and beef calves are down 1%. However, the number of cattle on feed was up 4% in January. Unless drought is very substantially relieved, marketings and slaughter of cows will again be very large in 1957, and total cattle slaughter may about equal 1956.

The government report due next Monday showing farmers' intentions to plant is awaited with much interest, particularly since at the moment there has been no further legislation enacted relative to corn. We have attempted to get some ideas from country sources as to how corn and bean acreages will compare with last year's plantings, and over-all it looks as though there may be a minor reduction in corn acreage, with a correspondingly slight increase in bean acreage. Of course, much will depend on whether or not any legislation or other program is developed.for corn whereby non-compliance farmers would be entitled to government support. In one of the main corn-producing counties of Illinois, it appears as though farmers are commencing to register their compliance with corn acreage allotment requirements, but there is only veryt minor participation in the Soil Bank. However, nearly 4 1/2 million acres have been put into the Soil Bank to-date by farmers in commercial corn producing areas, where the total acreage allotment is 37 million acres.

It was announced today by the USDA that farmers who have signed the 1957 Acreage Reserve Agreement for corn, and who at the time requested permission to put additional acreage in the Soil Bank above their limits, will be authorized to sign up for over the limit acreages. Permission to do this will be granted in most instances, according to official announcement.

When our market opened this morning, wheat was lower and apparently there was a carryover of bearish sentiment from yesterday. There have been several inches of snow in Iowa and about one inch in eastern Nebraska, while over the Southwest generally fair weather prevailed. The five-day forecast looks for only .2 inch of rain for northern and eastern sections to 1/2 inch in eastern Oklahoma.

Large quantities of corn were sold by the CCC to exporters overnight, totaling 2,770,000 bu, but little hedging pressure was noticeable in the market. The government agency also sold 920,000 bu of barley to exporters. According to The Southwestern Miller, flour business is of limited size --occasional small to modest lots of springs were being sold, but not of any substantial quantity, while hard and spring winter volume is almost a blank. Mills will submit offers today on 811,000 CWT of flour to CSS against CCC wheat for acceptance in ten days. Other export business is limited, and mill grind continues slow.

Primary receipts of wheat today were 647,000 bu vs approximately 1 millio bu last week and 869,000 bu last year. Corn receipts were 2 1/2 million bu vs 2 3/4 million a week ago and 972,000 bu last year. So far this week wheat stocks in Kansas City and Minneapolis have increased 108,000 bu. When the visible supply of wheat is posted on Monday it will compare with adecrease last year of 3,823,000 bu

Wheat was under pressure during most of the day with scattered selling running the market into stop-loss orders. Corn also encountered selling late in the session, when it was reported that Secretary of Agriculture Benson at a newsconference indicated he probably will not take any action to bolster the corn market until after planting time. He said he first wanted to see how much acreage farmers retire to the SoilBank, and how much land they plant in excess of acreage allotments. He called total SoilBank sign-ups to-date quite satisfactory, and predicted the totalland retired from production will come close to the minimum goal of 20,300,000 acres. Beans were affected somewhat by weakness in other grains, but selling was tempered by firmness in oil and meal. Rye also was quite weak.

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CHICAGO, 4 March 18, 1957

We have frequently referred in these letters to the fact that the number of farms in this country has witnessed a decline during the past several years, and a recent report of the USDA confirms that this trend is continuing. Net income per farm last year, it is estimated, chalked up a 6% gain, and this increase was larger than the 4% rise in total net income of farm operators because the number of farms continued to decrease. Total net income of farm operators in 1956 was lower than either 1949 or 1950 and was 20% below the Korean high of $14.8 billion received in 1951. The decline in number of farms, however, has proceeded even more rapidly. Thus the average net income per farm in most states was higher than either 1949 or 1950, and the decline since the 1951 level of $2,680 per farm has been about 10%.

In midwestern states the increase in average size of farm, and reduction in number, results from fewer farms of less than 220 acres, while the number of farms over 220 acres has increased. The exception to this generalization is that the number of farms of less than 3 acres increased, reflecting the growth in this modified type of country living. The rapid pace of farm consolidation is also reflected in the increasing proportion of farm transfers reported to be for the purpose of farm enlargement. Land purchases for farm enlargement now account for about two-fifths of all farm purchases in the Mid-West compared with about one-third as recently as 1953-54.

The increases in net income per farm in the Central States reflected considerably the effect of Soil Bank payments. More than half the $242 million of Soil Bank checks went to farmers in the western corn belt and the Great Plains States. The substantial increase in net income per farm in Illinois was due to generally higher income from corn and soybeans, as well as to Soil Bank payments. In Iowa on the other hand, cash receipts dropped somewhat as higher income from dairy products and soybeans was more than offset by smaller receipts from corn and oats. Soil Bank payments of $51.3 million to Iowa farmers provided virtually all of the gain in income in that State.

Snow and rain were quite general over the Southwest over the week-end with good amounts being received in portions of Kansas, Nebraska, and Iowa, as well as over areas of the spring wheat belt. When our market opened wheat was lower, probably due somewhat to the various moisture reports that had been received, as well as the fact that scrip certificates are being redeemed in substantial quantities against export sales, thus curtailing the lifting of hedges in the market.

The USDA's decision to refuse redemptions of wheat subsidy scrip at the West Coast apparently brought some complaints, and we understand that officials are taking another look at conditions. They are apparently trying to obtain a trial balance sheet on outstanding scrip certificates, and when this information is gathered it may provide a basis for some modification of last week's action. Another report from Washington showed that as of Mar. 8, 4.4 million acres have been put into the Soil Bank Acreage Reserve Program by corn farmers who are under the 37 million acre allotment program. USDA officials now feel this total may be swelled in the final result, as they have liberalized the acreage limits for individual farms for corn. This liberalization, which will permit farmers in the commercial corn area, to participate above the initial farm allotments will be limited to the extent of availability of funds.

According to The Southwestern Miller, bookings of flour over the weekend were small, and current flour sales are doubtfully better than 25% of capacity. Mil operations are slightly improved, but still rather slack.

Chicago stocks of wheat for the past week declined 235,000 bu, leaving slightly more than 7 1/2 million bu in this market. Wheat afloat here decreased 83,000, leaving no supplies left in that type of storage. Local corn stocks increased 556,000 bu, making total supplies here slightly over 24.4 million bu. Stocks of beans in Chicago decreased 366,000 bu, leaving approximately 4 million bu here. Primary receipts of wheat were 1.5 million bu compared to 1.8 million bu last week and 2.2 million bu last year.

Old crop wheat futures were very weak, reflecting lack of immediate demand and lost ground on the new-crop months. Corn and beans were also under pressure, and it was reported that the government agency had sold exporters 800,000 bu of corn over the weekend. The Minneapolis market has established old and new contracts for July and September wheat futures due to a change in wheat grading standards effective June 1st. That Exchange has approved a regulation permitting holders of these futures to switch to the new contracts free of charge in which action we concur.

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March 19, 1957

It is almost inevitable that when policies having world price effects are inaugurated by one government, repercussions eventually follow. The Canadian Wheat Board, recognizing that the subsidization of flour for export by this country and others is competition they have to meet, recently provided for a price adjustment on Canadian wheat milled for export to markets other than the U. S. A., the U. K., and other European countries. The plan provides for the daily announcement of an adjustment rate per bushel to supply the following day at various ports of exit, such rate to be subject to cancellation at any time without prior notice. On basis of last year's sales to countries where this adjustment price now applies, the payment might affect approximately 50% of Canadian flour exports, mainly to South America, the Caribbean, and the Far East.

Obviously, this plan was inaugurated for the reason that the subsidy programs of other nations have limited Canadian flour exports to the traditional and predominantly flour importing markets. However, it is noteworthy to point out that the Canadian action cannot be considered a subsidy since there is actually a reduction in the selling price, and as such will mean a reduction in the final net return to the prairie farmer unless, of course, it is later absorbed by the Canadian government. It should also be pointed out that the U. S. A. has not by itself brought about this condition, since France, West Germany, and Italy are also selling subsidized flour on export markets. It would seem that Canada is attempting to protect her export position and to develop a price system of her own to meet competition from other governments. As stated at the outset, this is no more than a natural sequence of events, and those who shape the programs and policies of government should be aware of the possible developments that may follow.

The government report issued yesterday on farmers' intentions to plant shows estimated total plantings of 333,822,000 acres to major crops compared to last year's 345,876,000 acres. This would be the smallest acreage since 1917. Corn plantings wereestimated at 74.4 million acres, the smallest in 70 years, and if yields approximate the 1951-55 average, this acreage would produce about 2.9 billion bu compared to last year's production of 3.5 billion and the 1946-55 average of 3.1 billion. However, there is a good chance that productivity could exceed the 1951-55 average yield, as last year corn acreage was the smallest in many years, yet produced the second largest crop on record. Acreage for spring wheat was estimated at almost 12.8 million. With yields equal to the 1951-55 average, production of 175 million bu could be realized. This together with the December 1st estimate of 625 million bu winter wheat would give us total production of 800 million bu wheat compared with 977 million last year.

A substantial increase is estimated in acreage planted to sorghums, with farmers intending to plant almost 26.5 million acres to this grain compared to 21.5 million in 1956. An increase is also looked for in soybean acreage, with 22,745,000 acres in prospect compared with 21,970,000 acres last year. A decrease of about 1 million acres is anticipated in oats plantings, while a substantially higher acreage is looked for in barley.

Statistics were late in being released yesterday, but when posted the wheat visible showed a decrease of almost 3 million bu, leaving total visible stocks of approximately 310 million bu. The corn visible increased 4.6 million bu, giving us total supplies of 92.7 million bu, while the bean visible decreased 1.1 million bu leaving total stocks of 9.9 million bu. Primary receipts of wheat were 772,000 bu, vs 927,000 bu last week, and 867,000 bu last year. Kansas City and Minneapolis stocks so far this week show an increase of 95,000 bu.

When our market opened higher prices were registered, but liquidation soon followed, and with the exception of new-crop wheat futures, markets were quit weak. Old-crop wheat months again lost ground on the new-crop futures, and Marc wheat also lost on the May, continuing to reflect the lack of demand for the nearby position. The government report did not seem to have much influence, particularly as new-crop corn futures were lower in spite of the anticipated small acreage. The CCC was again a good seller of cash corn, having disposed of 1,330,000 bu to exporters overnight. There was some moisture in parts of eastern Nebraska and Iowa, as well as eastern sections of the corn belt. Clearing weather is mostly looked for Southwest, although showers are expected inparts of southwestern Kansas and in east and southcentral portions of Oklahoma. It was reported that Greece bought 85,000 tons hard winter wheat, also that the U K and Austria each bought a cargo.

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March 20, 1957

With so much attention being directed to possible economies in government operations, it may be well to compare briefly the recent Presidential Budget with the past ten years. According to the forecasts in the 1958 budget, revenue will be at an all-time high of $86 billion, $4 billion above the estimated fiscal 1957 income. On the other side of the ledger, spending in cash terms will be well above the Korean War high reached in the 1953 fiscal year. The Treasury's cash outlays are now more than double those of a decade ago--- $36.5 billion in fiscal 1948 as compared with $78.3 billion and $83 billion expected this year and next.

Two-thirds of the increase in cash expenditures over the past ten years represents outlays on national security programs. These expenses, which totaled only $12 billion in 1948, are projected at $43 billion for the coming fiscal year. Most of the rise in Treasury income over the past ten years has come from individual and corporate income tax receipts. By the 1958 fiscal year individuals are expected to be paying $41 billion in income taxes, almost twice the 1948 figure. Corporate tax collections show an even bigger increase, and over the 1948-58 period should register 120% gain.

Major changes in government spending are concentrated in a few large programs. While defense outlays contribute substantially to the rising expenditure totals and represent over one-half the cash expenditures, they should account for only one-fifth of the increase in Treasury outlays from the low reached two years ago to the projected 1958 level. Agriculture has been the most volatile area of civilian spending since such outlays are in large part determined by the levels of farm prices and disposal programs in effect; for fiscal 1958 expenditures for agricultural programs are expected to be at all-time highs. The most consistent and impressive growth in federal civil spending has been for benefits paid under the various retirement and disability programs operated by the government, ranging from $1 billion in fiscal 1948 to $9 billion in fiscal 1958. In total, federal government receipts and expenditures for the fiscal year beginning July 1st are expected to reach postwar highs for the second consecutive year. While operations are again producing a cash surplus, as in the early postwar period and immediately after the outbreak of the Korean War, the surplus is smaller and apparently declining

It was reported that Yugoslavia had bought several cargoes of wheat, but there were no details early as to whether or not this sale consisted of red wheat or hard winters. Later it was reported there were 4 cargoes red winter wheat involved The market opened firm, with a better demand for old crop months than we have witnessed for the past several sessions. It was also reported that India had purchased 10 cargoes of western white wheat, and that Japan had bought one cargo of Canadian barley and one cargo of #5 wheat.

The Kansas weekly crop report stated that damage to winter wheat from wind erosion last week was severe in local areas and moderate to light elsewhere over the western half of the state. In eastern Kansas wheat was making good progress with relatively good stands, and making some top growth. In the south central areas spring work progressed as a result of moisture received two weeks ago. However, subsoil moisture continues very short over the entire state. The Nebraska weekly report claims that moderate to heavy rains and snow fell the end of last week, easing the critical drought in the eastern part of the state. Rainfall was too light in much of the south central area and in the southwestern and Panhandle counties to bring relief. Throughout most of the week the wheat crop took a bad beating from strong winds and severe dust storms.

Primary receipts of wheat were 661,000 bu vs 871,000 bu last week and 701,000 bu last year. Receipts of corn were 2,274,000 bu against 2,362,000 bu last week, and 1,096,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 125,000 bu.

Today was the final day for trading in March contracts, and the nearby months were firm in all pits, particularly in oats in spite of the fact that cash demand for nearby oats is very limited. March wheat also gained on the May, and buying was partially attributed to lifting of hedges against export sales. CCC continued to dispose of corn, having sold almost one million bu to exporters overnight, but even so the spot basis was firm, and the market gave a good account of itself. March oats finally lost some of its earlier strength and closed on a wide range.

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CHICAGO, 4

March 21, 1957

Secretary of Agriculture Benson, in a recent address, referring to complaints that a too rosy income picture is being painted for agriculture, stated that on a nationwide basis realized net farm income last year, as recently revised, was 4% above 1955-- the first peacetime year in which farm income has increased since 1947. He further reported that exports of farm commodities are running at an all-time high; that there is every indication that we have passed the peak of the storage problem, and that CCC investments in price supports are declining. The Secretary said that it is expected that total CCC investment in farm commodities will be about $7.6 billion on June 30, 1957. This would be a net reduction of $700 million in a period of twelve months, and a net reduction of approximately $1.3 billion above the peak holdings of February 1956. The Secretary also commented on the basic philosophy that the proper function of the USDA is to help farmers in local communities to help themselves. While he claimed the most important and effective program of self-help for agriculture has been, and remains, a program of research and education, he also stated that we cannot expect research and education to solve our immediate problems, but emphasized that the present vast disposal programs now in operation and the Soil Bank are emergency, temporary measures, and that we should never allow ourselves to lose sight of that fact.

The problems facing agriculture are not confined solely to the borders of this country but are also matters of world concern. A few days ago delegates from 24 countries met in Rome to attend the 28th Sessionof the Food and Agriculture Organization of the United Nations. During these discussions it was pointed out that the surplus problem continues to be the main world agricultural commodity problem, and that the two main aspects of this situation are the uneven distribution of world production and the task of obtaining stability of world markets. The most important single factor bearing on the world problem is the effect of U. S. government programs to reduce crops, to stimulate domestic consumption, and to assist exports. For the most part solution of the problem of surpluses of certain commodities will depend on the success of legislation aimed at cutting down U. S. agricultural production.

The Canadian government yesterday announced planting intentions for 1957 crops. The acreage to be sown for wheat is forecast at 20 million acres for all of Canada, and is the smallest acreage since 1943. This compares with last year's crop of 537 million bu, which was planted on about 1 1/2 million more acres than this year's intentions. On basis of last year's large yield per acre of 25.2 bu, this would give Canada a wheat crop of approximately 500 million bu; however, the long time average yield per acres is 16.2 bu.

There were general and heavy rains over much of the Southwest overnight, covering most areas of Texas, Kansas, and Oklahoma. A little more rain is predicted for the eastern sections of Kansas and Oklahoma and parts of Missouri. Otherwise the rest of the map seems to be clear.

There was little export business of consequence overnight in addition to yesterday's 1 1/2 million bu sale of wheat to Yugoslavia. It is thought that country may be in the market for more wheat, presumably red, but supplies east of here may be adequate enough so that Chicago stocks may not be required. A few scattered winter flour sales have been made but it appears as though most of the buyers are reluctant to make purchases at this time due to the recent weakness in wheat prices, and better buying opportunities may be had at a later date.

Primary receipts of wheat today amounted to 818,000 bu compared with 1,055,000 bu last week, and 906,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 4,000 bu.

Wheat futures continued to ease throughout most of the session, particularly the new-crop months, which were affected by moisture reports. The Senate Agriculture Committee voted to increase by $1 billion funds covering the sale of surplus agricultural commodities for foreign currencies, and in addition also voted funds for selling agricultural commodities to some of the Iron Country Countries. This, however, had very little influence on the market, as oil and beans had been weak during the market session. The government sold 3/4 million bu of corn overnight to exporters.

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CHICAGO, 4 March 22, 1957

According to a Federal Reserve Board survey recently completed, the year 1957 will be a good year for business if the attitude of consumers is any guide. Their optimistic appraisals are based on personal interviews during January and February of a representative sample of the population, and reveal that higher incomes a year from now are expected by 40% of the "spending units" questioned. A "spending unit" is defined as a family and related persons living together who pool incomes. Only 37% were this hopeful in the survey that was conducted a year ago. They also found that there has been an increase in the number of "spending units" in the $5,000 a year and over bracket from last year's 36% to a current 41%. In addition a year ago the proportion with no assets was 28%, while the latest survey shows a drop to 25%.

Another survey conducted by the Commerce Department and the S. E. C. shows that although total outlays for the year for industry expansion plans are expected to set a new all-time record, the trend of spending is no longer sharply pointed upward, but is likely to level off. This survey indicates that its findings will go far toward removing the doubt and pessimism that currently surround the business outlook. For one thing, it is thought the high level of capital outlays will provide a strong prop for business generally. For the year as a whole, such outlays are expected to hit $37.4 billion, 6% above 1956. Breaking this down by industry, the survey reveals that public utilities plan the largest increase in capital outlays--24%; manufacturers anticipate a rise of 10%, while railroads will expand spending by 19%. Only two industry groups are expected to spend less than in 1956; namely, the mining industry and commercial firms.

A few days ago we commented on the change in policy by the Canadian government whereby they are now offering a daily price adjustment in order to stimulate export flour sales. Broomhall, in reviewing, the international situation in wheat, concludes that the weakness of the wheat market may possibly have a greater significance than appears on the surface. He refers to the various measures taken by the USA to increase wheat exports, which, as we know, have met with a considerable degree of success, and comments that competing countries are taking a pessimistic view of U SA efforts. Argentina has reduced the price of Platte wheat for sale to Europe in a manner which has not been witnessed since prewar years, and substantial quantities have been sold to North Africa, France, Western European countries, and the U K, thus diverting a demand which might otherwise have been directed to this country. He also refers tothe fact that although France was temporarily eliminated as a net exporter of wheat due to the failure of their 1956 harvest, its government has made no attempt seriously to reduce the guaranteed price for wheat, and it is quite possible that the surplus in that nation in 1957-58 may be again 2 to 2 1/2 million metric tons. He concludes that although the major wheat exporting countries have endeavored to prevent a united front to the world in the cause of stable prices through the International Wheat Agreement, nevertheless there is growing evidence of differences and unrest.

When our market opened prices were lower. There had been considerable precipitation over portions of Kansas and Missouri, and while the forecast is for clear weather over most of the Southwest, heavy snows were looked for in northwestern Kansas and western Nebraska.

There was little else in the news to affect markets. Scrip certificates on export wheat traded at 1 5/8% discount, equal to 4¢ a bu, thus giving exporters a distinct advantage in filling their export commitments through the use of these certificates. It was reported that Turkey had purchased a cargo of #2 hard winter wheat, also that the U. K., and the Continent bought parcels of corn. CCC continues to be a seller of corn, having sold exporters 475,000 bu overnight. They also sold 930,000 bu of barley, and 710,000 bu of oats. According to The Southwestern Miller, a limited amount of hard winter flour business was consummated, but spring volume was extremely light. Export demand is also slack, although CSS awards are due Monday on around 811,000 cwts against CCC wheat.

Primary receipts of wheat were 720,000 bu vs 647,000 bu last week, and 930,000 bu last year. Kansas City and Minneapolis wheat stocks show an increase for the week of 72,000 bu. When the visible supply is posted on Monday it will compare with a decrease last year of 6 million bu.

Weakness in oil led to liquidation in beans. Rye also was very weak, and corn, too, suffered declines. There seems to be little confidence in grains for the present

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CHICAGO, 4

March 25, 1957

According to a USDA release, The Demand and Price Situation, prices received by farmers moved generally higher during 1956, finishing the year 7% above December 1955. Although the index declined 5% between June and October, the period of seasonally heavy marketings of many products, some recovery came in December 1956 and January 1957. Farm product prices have averaged above the year earlier each month since last June. In February, the index of prices received by farmers declined 2% to 234% of the 1910-14 average compared with 227% a year earlier. The decline from January was fairly general. Hog prices averaged 6% lower than in mid-January. Dairy product prices eased somewhat less than seasonally. Central market prices of major farm commodities changed little on the average during the four-week period ended in mid-March. Feed grain prices were generally stable, with a small decline in oats and a small gain in corn.

Farm prices of soybeans, flaxseed, and cottonseed declined somewhat in February, reflecting primarily the large supplies of oilseeds and lower oil prices. The outlook for soybean prices the rest of the marketing year is dominated by large supplies, and unless demand rises, prices to farmers probably will continue around present levels and near the support price. Prices through June probably will average lower than last year as a repetition of a rise in price similar to last spring and summer is unlikely unless foreign demand is exceptionally great. Crusher and export demand is expected to remain strong.

Around mid-March cashwheat prices declined 2 to 12¢ per bu, reflecting snow and rain over the Southwest and also reflecting the fact that scrip certificates were being redeemed in substantial quantities against export sales, thus drawing wheat from CCC stocks instead of from the free market. Market price of feed grains have been stable in recent weeks. Corn prices probably will rise less during the next few months than a year ago, and average lower this spring and summer than in the same period of 1956. Average prices received by farmers for corn during October-February have ranged 27 to 31¢ below the national average support of $1.50 per bu to cooperating producers in the commercial area. Through Februar 15th farmers had placed 313 million bucorn under loan and purchase agreement, 13 million more than a year earlier. Prices of oats, barley, and sorghum grains have been generally above price supports in recent months. Substantially smaller quantities of these grains were placed under price support in 1956-57 than a year earlier.

The most severe storm of the season provided heavy precipitation over the winter wheat belt, also in parts of Iowa and Nebraska. Rain and snow also occurre in goodly amounts over the corn belt east of the Mississippi River. Subsoil moisture conditions should be considerably improved, and there is no doubt that the drought has definitely been broken.

Soybean oil and beans were lower at the opening, and there were reports that several of the big oilseed crushing plants have decided to close down operation indefinitely, and that others will maintain limited operations on part-time basis. These actions are attributed to unfavorable operating margins as prices of end products have weakened. Corn also was slightly lower, and the CCC continues to dispose of corn to exporters, having sold a total of 1,320,000 bu over the weekend. However, it was reported that CSS officials affirm that the peak of their storage crisis is over, and it may reasonably be concluded that as the period of the corn loan program matures, sales will drop and firmer prices may prevail to prevent heavy deliveries of the "low" loan impoundings to the government.

The Senate Agriculture Committee has approved a compromise corn bill that would set a 51 million base acreage for the 1957 corn, and also provide support prices somewhere between 75 and 90% of parity. Corn grown in non-commercial areas would, under the bill, be supported at between 75 and 82 1/2% of the support price for commercial corn. Commercial farmers getting price supports would have to put 15% of their base acreage into the Soil Bank.

Chicago stocks of wheat decreased 104,000 bu, leaving 7 1/2 million bu here. Corn decreased a total of 393,000 bu, leaving slightly over 24 million bu in this market. Local stocks of beans decreased 422,000 bu, leaving total stocks her of slightly less than 3 3/4 million bu. Primary receipts of wheat were 1,424,000 bu vs 1,499,000 bu last week, and 2,757,000 bu last year.

Wheat and rye were under pressure most of the day, while other grains were relatively firm after being lower early.

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March 26, 1957.

Several days ago the USDA reported on farmers' intentions to plant and a substantial reduction in crop acreage was indicated. The combined effects of drought, Soil Bank, and acreage allotments will be to cut the planting of major crops about 12 million acres, or 3 1/2% below the 1956 total. This would be the smallest planted acreage since 1917. For a number of years the total acreage planted to crops has fluctuated within a fairly narrow range, and whether the indicated decline in 1957 will be large enough to cause total crop output to be reduced significantly remains to be seen. Farmers' current plans, of course, are tentative, and will be revised in response to weather, prices, and many other things that affect last-minute planting decisions.

Total feedgrains are expected to be boosted 1 million acres, with an indicated shift from corn and oats to barley and sorghums, plus an expansion in soybean acreage. It is interesting to note that the indicated plantings of 74.4 million acres of corn will be the smallest in 70 years and compares with a time when the U.S. population was fully 100 million smaller than at present. The annual production of corn 70 years ago on an acreage comparable to that indicated for 1957 fluctuated around 2 billion bu. However, if the yield per acre in the current year should equal the high yield of 45.4 bu realized in 1956, output would total nearly 3.4 billion bu.

Achieving a desirable balance between the amount of land and other resources used in agricultural production to the amounts which will provide the output required by consumers is not easy. However, for a number of years the imbalance has been clearly on the side of excess supplies of farm products. The indicated reduction in planted acres in 1957 is a change in the right direction, but the final results will remain uncertain until the growing season is well advanced.

An interesting report by Broomhall states that gradually the traditional oriental prejudice against wheat products is being broken down and refers to the expansion of breadgrain consumption in Asiatic countries. Although rice output in the main importing nations has increased very substantially since prewar years, there has remained a gap in the consumptive demand which has been met, to some extent, by imports of rice but to an even larger extent by imports of wheat and wheat products. Compared with 1934-38, the world movement of rice has fallen by about 50%, whereas imports of wheat and flour into ex-European countries have expanded from a prewar average of some 3 1/2 million tons to an annual rate of 9 to 10 million tons. American mills have been particularly active in promoting the use of wheat products in addition to which U S programs of supplying wheat and flour on long-term credit, barter, or in exchange for military advantages have been very influential. India has been building up reserves of wheat of U S origin under favorable terms of payment and Japan also has greatly expanded her purchases of wheat and flour, while becoming less dependent on rice imports.

Markets were firm at the opening, and it was reported that some export sales of wheat had taken place with Turkey taking 2 cargoes of white wheat and 1 cargo mixed wheat at the Atlantic, and Yugoslavia purchased 1 cargo out of the Atlantic, and 1 cargo hard wheat out of the Gulf. Some of this may be red wheat, and we also heard that a fair amount of hard wheat will be shipped out of Chicago to the East, some of which has been sold to exporters. All of this imparted a better tone to the wheat market during the session. There has been considerable snowfall over Kansas, Oklahoma, and eastern Nebraska, but it is clearing over most of the Southwest at present, although more snow in the eastern portions and in the cor belt are looked for. It was reported that Denmark bought 9,500 tons soybeans. According to the American Soybean Assn. USDA officials are still sticking to previous estimates of a little more than 2 billion lbs total soybean and cottonseed oil exports for the current marketing year.

When the visible supply was posted late yesterday, wheat showed a decrease of 1,214,000 bu, leaving total supplies of 308,590,000 bu, or approximately 32 million less than a year ago. The corn visible increased almost 6 1/2 million bu giving us total visible stocks of about 99 1/4 million. Visible stocks of beans decreased 175,000 bu, leaving a total of 9 3/4 million bu in this position, or about 9.4 million bu less than was reported a year ago. Primary receipts of wheat were 800,000 bu versus 772,000 bu last week, and 1,290,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 55,000 bu.

Markets were steady to higher, although total trade seemed rather light. CCC continues to sell corn, disposing of 600,000 bu to exporters overnight.

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CHICAGO, 4 March 27, 1957

We referred recently to the current international FAO Meeting being held in Rome, and a recent report emphasized that much concern is being expressed about current sales of agricultural surpluses on world markets and about the possible future effects on surplus transactions. The Canadian delegate said that his country's wheat exports had been seriously affected by surplus disposal programs, and that some of the current methods being utilized for surplus disposal were contrary to internationally accepted FAO principles. He said that his government's view was that sales of surpluses on concessional terms should only be made to under-developed countries and for only two purposes: namely, for building up national reserves against emergency and for financing an economic development leading to increased consumption. However, other delegates were less apprehensive about the situation. The Brazilian delegates stated that the recent Brazil-U S Agreement for surplus wheat fully safeguarded the position of tradional suppliers of wheat to Brazil, and that purchases from the U. S. were supplementing, and not displacing, normal imports. The delegate from India also claimed that the agreement under which India was receiving U. S. surpluses contained detailed precautions to insure that the special transactions would not unduly disrupt world prices or materially interfere with normal trade patterns. Our own country's representative pointed out that the U. S. had been extremely careful in its disposal programs to avoid harming friendly countries, and that it had high hopes that the Soil Bank Program would reduce this nation's surplus stocks and prevent further accumulations.

Broomhall's Foreign Crop Summary states that in Europe most areas are abundantly supplied with moisture and the general situation is satisfactoryfor winter grains, and also, for theplanting and germination of spring grains. Inthe U K seasonable conditions have prevailed over most sections, and seeding has been making better progress. Winter grains are well advanced and are growing vigorously. Abundant rains, together with mild weather, have prevailed in France and crops are have a good appearance over most of the country. Private sources are predicting a possible wheat crop of 367, to 441 million bu. This would compare with a crop last year, which was variouslyplaced at 202 to 240 million bu. We have also heard from another source that France may have an export surplus next harvest in excess of 2 1/2 million tons. In Western Germany, seeding of spring grains is making good progress. A considerable increase has taken place in the use of fertilizers in that country. Conditions remain favorable in Italy, although rains would be welcome. Wheat development is more advanced than usual for this time of year. In India, the harvest of wheat and flaxseed has been gaining momentum and reports continue to indicate the probability of large crops.

Here at home, temperatures have warmed up somewhat in theSouthwest, with no moisture reported overnight and mostly fair weather is looked for. New export allocations are expected to be granted momentarily to Italy and Spain for oils and it is also thought there may be a number of smaller allocations. This news brought firmness in the oil and bean market at the opening and prices were generally higher. CCC continues to dispose of corn, having sold 760,000 bu overnight to exporters. The Agency also sold 33,000 bu rye. However, offerings of corn from the country are light, and the market stays quite firm in spite of the fact that the government continues its selling program.

A news item called attention to the fact that U S expects to reply to Poland's request for $300 million economic aid within the next week. It appears rather certain that the U S will offer to help Poland, but has yet to decide upon the amount and the kind of aid it will supply. Plans now being considered by the Administration include selling Poland surplus farm products for Polish currency, drawing upon the President's foreign aid fund to provide money for machinery purchases, and using government credit to give the Poles access to additional farm surplus purchases.

Primary receipts of wheat were 623,000 bu vs 661,000 bu last week, and 885,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a decrease of only 1,000 bu.

The only export business reported was the purchase by Turkey of a cargo of soft white wheat. Nearby futures of wheat and beans showed the most strength, and it is expected that there will be some shipments of beans from here to Canada when navigation opens. We understand that a cargo of red wheat exchanged hands between exporters, but it is not thought shipments will be made from Chicago against this trade.

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CHICAGO, 4 March 28, 1957

Government thinking over the past several decades has undergone many changes. The following abbreviated remarks taken from a statement by President Grover Cleveland on February 16, 1887 clearly demonstrate the difference between federal ideologies of that date compared with present times: "I return without my approval House Bill No. 10203, entitled 'An act to enable the Commissioner of Agriculture to make a special distribution of seeds in the drought-stricken counties of Texas, and making an appropriation (of \$10,000) therefor' .... I can find no warrant for such an appropriation in the Constitution, and I do not believe that the power and duty of the General Government ought to be extended to the relief of individual suffering which is in no manner properly related to the public service or benefit. A prevalent tendency to disregard the limited mission of this power and duty should, I think, be steadfastly resisted, to the end that the lesson should be constantly enforced that though the people support the Government the Government should not support the people ..... The friendliness and charity of our countrymen can always be relied upon to relieve their fellow-citizens in misfortune. This has been repeatedly and quite lately demonstrated. Federal aid in such cases encourages the expectation of paternal care on the part of the Government and weakens the sturdiness of our national character, while it prevents the indulgence among our people of that kindly sentiment and conduct which strengthens the bonds of a common brotherhood."

A review by Mr. L. H. Simerl of the University of Illinois, points out that two developments seem likely to influence corn prices during the next six months: first, the amount of corn the government sells, and second, the amount that farmers put under price support. A very poor growing season would also influence prices. While it seems likely that CCC will continue to supply the export market, government policies are, of course, always subject to change. However, a reduction of CCC sales will not insure a rise in the price of corn, as farmers may sell large amounts. Furthermore, the demand for corn normally declines when farmers can turn their cattle into pasture and when new small-grain crops become available. It is also possible, but unlikely, that farmers will put enough new corn under price support loans to tighten up the market supply. Stocks of corn January 1st totaled 3,400 million bu. Of this amount 950 million bu was CCC-owned, and around 75 million bu was old corn tied up under re-seal price support loans. This left 2,375 million bu of other, or new, corn. Disappearance during the January-September period this year seems likely to be about the same as a year ago. If this is true, there would be about 600 million bu new corn available to go under loan and for the free carryover. Last year about 420 million bu was put under loan. This year around 500 million bu, or 15% of the crop, would have to be put under loan to tighten the supply. Such a percentage has been put under loan only twice before--once in 1948-49 and again in 1953-54. However, in the early year, the average price during November-May was 24¢, below the loan level, and the later year 18¢ below. Market prices this year are much closer to the \$1.25 loan rate that applies to most corn. Thus enough corn may not be placed under loan to make a tight market supply this year.

The Kansas weekly crop report states that extensive rains and storms last week provided much needed moisture for the planting of spring crops, improved prospects for the limited acreage of wheat in the western half of the State and further stimulated growth of crops in eastern sections. They did not, however, adequately replenish the extremely short subsoil moisture supply and more rains will be needed as the growing season progresses. The Oklahoma weekly bulletin states the moisture situation is now the best at this season in many years. Enough moisture is now available not only to assure the growth and favorable progress of small grains, but also to permit farmers to complete land preparation and plant spring crops as soon as field work can be resumed. The wheat plants are generally from 6 to 8 inches high and jointing and have made unusual growth for this time of year.

Late buying in May wheat was attributed to indications that Yugoslavia will pick up substantial quantities which they are authorized to buy, and will ask for additional allocations. They have preferred red wheat which must come from the free market and meanwhile is available cheaper than a Chicago shipping basis, but scrip which can be used for the purchase of other classes of government wheat has sold at 2% discount, equal to around 5¢ per bushel.

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CHICAGO, 4

March 29, 1957

The Agricultural Marketing Service of the USDA, in reviewing the soybean picture, states that a repetition of the price rises such as occurred in the last half of the 1955-56 season is unlikely this season unless export demand becomes exceptionally strong. They point out that the record 1956 crop of 456 million bu is meeting a good demand. This year's total crush is expected to reach 325 million bu, 42 million more than the previous peak, and farmers are likely to use about 30 million bu for seed and feed. In addition, exports are estimated at about 75 million bu. These figures indicate that the carryover of beans next September 30th will be 25 to 30 million bu, which would be a new high. On the other hand, stocks of edible vegetable oils are expected to be the lowest for that date since 1951, but still adequate as a working inventory. On the plus side of the price outlook is an anticipated strong foreign and domestic demand. Moreover, any soybeans acquired by the government by reason of defaulted loans will not be sold at less than domestic market price, or the current price support level at the point of production, plus carrying charges whichever is higher. In mid-January farmers had nearly 54 million bu under loan or purchase agreement, and the USDA has urged producers to watch market prices during the next several weeks for possible advantageous redemptions. On the minus sideof the price outlook are the large supplies of oilseed meals, less competition for beans for crushing than last year because of the record supply, and the likelihood that any sizeable increase in price would reduce foreign takings. The 1956-57 season average price is expected to be near $2.20 per bu. This would be above the support price and about the same as last year.

The recent USDA decision to ban redemption of wheat scrip certificates in the Pacific Northwest resulted in several trade complaints, and a conference is scheduled for April 3rd between CSS officials and trade representatives to discuss this action. The trade has requested that USDA return to the status of certificate redemptions, which were in effect prior to the ban. The one most important consideration which the government is expected to use as the basis of any plan is their insistence that the USDA must direct the disposal of surplus stocks in the areas where such surpluses are in greatest supply. Otherwise, it may create regional storage dislocations and require purchase of additional storage space to hold new-crop deliveries. In addition some of the problems arising from the government's current corn disposal programs may also be included on the conference schedule. The chief topic of criticism of CCC corn sales policy has been its domination of the export market, and trade groups have urged CCC to halt export sales of its stocks and turn the exporters into the free market for corn. There seems to be some conflict of judgment with the CCC itself over the withdrawal of the Agency from the export market, as here also the question of inventory management is paramount in the minds of many officials. However, it seems logical to assume that to be consistent with the decision to get the government out of the corn export field, some sort of subsidy between domestic corn prices and the world market may have to be provided.

There was no moisture of consequence Southwest overnight and mostly fair weather is looked for, except for local showers in scattered areas. Heavy buying of wheat is expected to develop from Yugoslavia, and their inquiry is mostly for red wheat. This led to firmness in our May contract, which gained considerably on the more deferred months. While CCC apparently owns very little red wheat, they will start to take over defaulted loans the end of this month, and whatever stocks they acquire will be available to exporters via redemption of scrip certificates. These certificates are quoted at 1 3/4 to 2% discount, or approximately 5¢ per bu. It was reported that Denmark had purchased a cargo of soybeans for October shipment, and Formosa bought 12,000 tons, 9,000 for nearby shipment and 3,000 for June shipment. Corn was under some pressure, and CCC continues to make sales to exporters, although quantities are somewhat less than had been reported previously --they sold 100,000 bu corn overnight, and also sold 70,000 bu of oats.

Primary receipts of wheat today were 922,000 bu vs 720,000 bu last week, a year ago today was a holiday. So far this week Kansas City and Minneapolis wheat stocks have decreased 107,000 bu. When the wheat visible is posted on Monday it will compare with a decrease last year of 4,290,000 bu.

It is expected that a fair amount of the Yugoslavia wheat business may be consummated today, and there was consistent buying of the May by an exporter. Local professionals, however, were the main buyers. UHLMANN GRAIN CO.

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CHICAGO, 4

April 1, 1957

Mr. Earl L. Butz, Assistant Secretary of Agriculture, has on several occasions emphasized the importance of private enterprise. In a recent address, he referred to the fact that this nation's government has become the world's foremost agricultural merchant but claimed neither happiness nor pride in this accomplishment. He stated government's biggest contribution to farm marketing should be in such areas as marketing research, market news, and grading and inspection, etc., and that fundamentally the private marketing system should provide the means and incentives needed to move products into the hands of consumers. Basic responsibility for doing this must always rest with private enterprise, and while government can and must be helpful, its role should be secondary. In our opinion there is no question that government agricultural programs, both past and present, are not only costly to taxpayers in staggering amounts, but have tended to foster the spreading of government paternalism. We recognize that in recent months various steps have been taken to attempt to return the production and marketing of agricultural products to private industry, and that there are still many complex problems facing those who wish to continue towards this objective. It is encouraging to note that there are policy-making officials who realize that only those programs that stimulate initiative and encourage freedom of action can lead to the continuance of all that has made America great.

There had been good moisture in the Southwest over the week-end with substantial amounts, particularly in Kansas. The 5-day forecast also looks for precipitation, all of which is helpful. May wheat was quite firm at the opening. It had been reported that Yugoslavia had purchased almost 32,000 tons #2 red or mixed wheat for shipment out of the Atlantic. That country is also expected to buy 300,000 to 400,000 tons during the next three months. We understand some wheat will be shipped from Chicago to eastern destinations, but whether or not sufficient quantities will be moved from this market to cause a tightness in free supplies is still unknown. As of yesterday the government came into possession of defaulted loan wheat, and with scrip certificates still being offered at 1 3/4% discount, there may be wheat in eastern areas available to exporters to at least partially fill recent export sales. It was also reported that Greece has postponed their wheat buying until the latter part of April.

According to advices from Washington, Congressman Coad of Iowa has proposed that the House Banking and Currency Committee investigate recent sales policies of CCC. Mr. Coad laid emphasis on the failure of CCC to make compensatory open market purchases as they made surplus sales from old-crop corn. The resolution has been referred to the House Rules Committee which will determine what, if any, action will be taken.

According to The Southwestern Miller, little or no flour business was done over the week-end. The recent firmer market action, particularly in Chicago, has had no effect towards stimulating bakers to add to contracts. Hard winter backlogs are heavy, with a large number of the trade already well supplied for the balance of the season. Mill operations are still draggy.

Chicago stocks of wheat during the week decreased 470,000 bu, leaving slightly over 7 million bu here. There was practically no change in corn, and there are still 23,745,000 bu in local stocks. Beans decreased 517,000 bu, leavin 3,220,000 bu in Chicago. Primary receipts of wheat were 1,682,000 bu vs 1,428,000 bu last week, and 2,743,000 bu last year. CCC rejected all corn bids over the week-end, and apparently prices bid by exporters were not satisfactory. The spot basis for corn in Chicago was higher, being quoted at 1¢ over the May. The lack of CCC sales did not generate any demand for futures, and the market was lower. Even though the strength in May wheat was not maintained there was more pressure on the deferred futures, with the result that the May gained on the new-crop months. Rye was under pressure both here and at Winnipeg, with the market acting quite weak. There is talk of curtailment on part of bean crushers, and liquidation in beans was quite general.

When the visible was posted wheat showed a decrease of approximately 2.4 million bu, leaving total stocks in those positions 306.1 million, or about 30 million bu less than last year. The corn visible increased 4.2 million bu, making the total 103.4 million, or about 48.5 million more than a year ago. Beans decreased 955,000 bu, leaving total visible stocks 8.8 million bu, or 10.3 million less than last year.

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CHICAGO, 4 April 2, 1957

According to the Agriculture Department, the index of prices received by farmers for the month ending March 15th increased by 1%, mainly accounted for by the higher prices for meat animals, fruit, and commercial vegetables. On the other hand, prices paid by farmers were averaging higher than the month earlier, with the consequence that parity ratio remained about the same. The increase in the prices paid by farmers was accounted for by higher prices of feeder livestock, tractors, and farm machinery, while prices of feed continued to decline, with the large stock of feedgrains on hand and the rather mild, open weather up to the middle of March. One very favorable aspect of farming is the continued increase in the market value of farm real estate. It is estimated that it was 2% higher in March of this year than on November 1, 1956, and the national index at 143% of the 1947-49 base, was 4% above a year earlier and a new record high. There had been some declines in the value of farm real estate during the July-November 1956 period in the five states of the mountain region where drought was largely responsible. However, values were largely unchanged in the Northern Plains states and advanced 2 to 3% in the remaining area.

The Canadian government has confirmed that Poland has agreed to take 6 million bu low-grade Canadian wheat by July 31st as part of a deal to buy some 12 million bu over the next two-year period. Poland has requested a larger quantity and negotiations are pending. Wheat is being sold on a three-year credit basis.

In this country Secretary Benson has again urged that restrictions be lifted on farm trade between the U.S. and Communist countries. He argues that if there is an opportunity for the U.S. to trade, barter, or sell any of its farm commodities to such countries as Hungary and Czechoslovakia, we should be in position to take advantage of it. He states if we are going to get our share of the markets of the world, we have to go out and fight for them, and fight for them vigorously. He further intimated that there was some opportunity for trade with Poland, which is now negotiating with the U.S. for aid.

Broomhall reports that beneficial rains have occurred in Morocco, although the crop in that country will be only average, at best, and that it will be necessary for them to depend on France for soft wheat imports in the coming season. In Algeria and Tunis drought conditions persist and prospects for the growing grain crops are bad. In France, corn deliveries have improved, and it is contemplated that imports of this grain may be stopped until later in the year. In our own country further beneficial rains have fallen in areas of the Southwest, and prospects seem to be for rain changing to snow over the upper Panhandle of Texas, with heavy snows forecast for western Nebraska, also heavy snows for western Kansas, with rains and thunderstorms in other parts. Oklahoma should also benefit. While it must be realized we are dealing with a much smaller acreage than in previous years nevertheless, moisture received to date has been extremely beneficial and of great help to the standing acreage.

Primary receipts of wheat today totaled 795,000 bu vs 800,000 bu last week, and 1,199,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net increase of 108,000 bu.

It was reported today that overnight Yugoslavia bought three cargoes of #2 red winter wheat out of the Atlantic, and one cargo of #2 hard wheat out of the Gulf. It was also reported that Germany purchased about 5,000 tons of soybeans for shipment October through December. The CCC sold exporters 150,000 bu of corn at the Atlantic, rejecting all bids at the Gulf.

Today's session was a rather uninteresting one. According to advices, spring wheat mills are doing a considerable business on moderate price concession. However, the activity in soft winters is rather low. There was no particular activit in wheat today, neither buying or selling of great consequence. Corn was under further liquidation, and there seems to be quite a stale long interest. Beans, which were weaker early in the session, staged a rally on some short covering. -

At a news conference Secretary Benson said he does not think any legislation now on corn acreage would benefit farmers this year. He said the response to the Soil Bank was greater than anticipated, about 4.5 million acres have already been signed up, and he predicted the final figure would be about 5.6 million acres.

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CHICAGO, 4 April 3, 1957.

There was further moisture the past 24 hours, with rainfall rather general over the Southwest, and a considerable portion of the corn belt, as well as areas of Iowa and Nebraska. Precipitation was heavy in Kansas and Oklahoma, and there is still further moisture indicated for the next 12 hours. The moisture which has been received during the past several weeks has no doubt replenished some of the deficiency in subsoil moisture and benefited to a considerable degree the standing acres. Of course, the relief will not alter the picture of the amount of acreage that will be placed in the Soil Bank this year, but at least prospects for the Southwest are much rosier than they were 30 days ago. While we are still dealing with a much smaller wheat acreage, if favorable conditions should continue no doubt there will be heavier planting of sorghums and other feed grains.

We are also faced with improved wheat prospects in Western Europe, which presently indicate lower import needs in the 1957-58 period. Spain seems to be about the only producing country where prospects for the wheat crop are less favorable than last year, although generous rains in January and February have improved the prospects of that country. Plantings of spring wheat in France are again expected to be high in spite of urging by the government that farmers plant larger acreages to barley. A surplus of wheat is expected if normal weather conditions continue. According to Broomhall, in Argentina during the Peron Administration, agriculture was sacrificed in the interest of industry, and it would appear from present actions that the new government is reversing that policy and undoubtedly the steps that are being taken will bring about a halt in the downward trend of agricultural production and a substantial expansion in the production of certain farm products. This may take a period of years to accomplish, but it is thought if this policy is pursued and carried through it may in time bring Argentina back as a major exporting factor.

The USDA in their summaryof the fats and oils situation are not very hopeful of any major increase in the price of beans. While they anticipate that crushing and exports are expected to continue at a record pace that may absorb all but about 25 million bu of the large 1956 crop, nevertheless, unless there should be new developments they forecast that farm prices of soybeans probably will continue at about present levels and slightly above the support rate of $2.15. They are rather skeptical about a rise in price similar to last spring and summer unless foreign demand becomes exceptionally great.

President Eisenhower has signed with great reluctance a bill providing additional acreage allotments for durum wheat this year. The President said that about 2 million bu of rust-resistant durum seed is available for the 1957 crop, which he claimed is more than adequate, and estimated that the carryover of durum wheat on July 1st will be about 15 million bu,

According to The Southwestern Miller spring wheat flour sales were of substantial proportions, as large numbers of bakers booked around 60 days coverage on mill price concessions. The sharp change in the crop outlook Southwest has all but eliminated any inclination among bakers to venture into long time needs of hard winters. CCC continues to make export sales of corn, having disposed of 450,000 bu overnight, but we understand that all bids for milo were rejected by the agency. In export circles it was reported that Yugoslavia purchased 3,500 tons #2 hard wheat for immediate loading, and that India purchased 2 cargoes western white wheat. It was also claimed the Continent bought small parcels of soybeans for October through December shipment. Spot corn bids in Chicago were quoted 1 to 1 1/2 over.

Primary receipts of wheat were 732,000 bu vs 623,000 bu last week and 851,000 bu last year. Corn primaries were 1,181,000 bu vs 1,873,000 bu last week and 931,000 bu last year. So far this week Kansas City and Minneapolis stocks of wheat show an increase of 47,000 bu.

Markets were rather inactive. In spite of no further export business in red wheat being reported, the May future was firm and gained on the more deferred months. It is still anticipated that Yugoslavia will be in the market for substantial quantities, and the final outcome of the old crop future will depend on whether or not Chicago free stocks are reduced to small proportions or whether sufficient quantities will be available here for delivery purposes. May corn was under some pressure, and there seems to be no confidence at the moment in that market. The early firmness in oil led to a higher bean market, but highs of the day were not maintained.

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CHICAGO, 4

April 4, 1957

The USDA reports that agricultural exports during the first eight months of the 1956-57 fiscal year have set new records in value and in quantity. The July-February 1956-57 estimated value of $3.2 billion surpassed the previous high of $2.8 billion in the 1951-52 period, and in quantity the gain was about one-third. Compared with a year ago, July-February exports gained 48% in value and 53% in quantity. During the month of February, exports were well ahead of the similar month a year ago. Compared with last year this February's shipments were up 87% in value and 89% in quantity, with nearly 70% of the value gain attributable to cotton. Other notable increases were in wheat, rice, soybeans, and soybean oil, while feed grains, cottonseed oil, and animal fats were down. There was a sharp reduction in flaxseed exports.

Based on latest information many more or less minor markets are sharing heavily in this expansion in exports. Shipments to the top ten markets of last fiscal year -- the U.K., Japan, West Germany, Canada, The Netherlands, Belgium, Spain, Cuba, Italy, and Yugoslavia -- showed a gain of 23%, while the rise for all other countries amounted to 62%. U.S. government programs have been an important export stimulant and during the July-December period, the latest for which data are available, commodities moving under such programs accounted for 42% of total agricultural shipments. Wheat exports during the July-February period totaled about 340 million bu, almost double the amount shipped during the like period last year. Exports of feed grains are estimated at 4.4 million tons for the first eight months of this season compared to 5.4 million tons last season. Increases in exports of corn were more than offset by reductions in other items, and the decrease reflects heavy supplies of non-millable wheat and increased output of feed grains in Europe.

The Kansas weekly crop report stated precipitation over the last two weekends will provide adequate moisture for planting spring crops in nearly all sections of the state. Subsoil moisture, however, has not yet been fully replenished. Penetration of moisture in central and eastern sections has been good but in the west, where much snow drifted off the fields, it was variable. Wheat is growing well in the eastern part of the state, and surviving stands in western areas benefited greatly from the moisture. The Nebraska weekly report claimed that winter wheat responded to the improved surface moisture; the crop is beginning to green-up in much of the southern part of the state. It is still too early to fully appraise the extent of acreage losses from drought and dust before damage was checked by March moisture. Only a small part of the acreage of spring crops was seeded by April 1st, and much land preparation was still to be done before planting time. The Oklahoma report showed small grains made good to excellent growth during the past week over most of the state. Improved moisture and warmer prevailing temperatures in the Northwest has resulted in some improvement of the wheat retarded earlier. Moisture in the west, central, and eastern Oklahoma continues to saturate surface soils and penetrate subsoils and current moisture conditions in most areas are the best for several seasons.

There was rain and snow over the Southwest, and also the corn belt overnight. Snowfall also occurred over portions of the spring wheat territory, and was quite heavy in many localities.

When our market opened May wheat was firm and during the session continued to gain on the more deferred futures. The only export business reported in wheat was the purchase by Korea of 2 cargoes Pacific Coast white wheat and by Norway of 2,000 tons white wheat. There were no new export sales of red wheat reported, but it is still anticipated that Yugoslavia has further requirements to purchase. In addition, West Germany received an allocation of $7 million for the purchase of U S breadgrains for delivery by June 30th. The U K and the Continent bough small parcels of corn, but CCC continues to make sales to exporters, having disposed of almost 225,000 bu overnight. A new export corn sales announcement was issued today by CCC providing for interior delivery of CCC corn for either rail or barge transport to the Gulf for export. Effective April 8th buyers are asked to state their preference upon CCC acceptance of their bids.

According to The Southwestern Miller, hard winter flour business is extremely light, and only a small amount of soft wheat flour is being sold. All bakery flour buyers are now heavily booked, and the prospect is for a long dull period.

Primary receipts of wheat were 886,000 bu vs 653,000 bu last week and 884,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks have decreased 102,000 bu.

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CHICAGO, 4

April 5, 1957

There can be no doubt that soil conditions in the winter wheat areas have improved materially, and we understand that soil moisture penetration during March amounted to more than 30 inches in many localities of the Southwest. This has undoubtedly been further enhanced by more recent rains. According to the Quaker Oats report wheat prospects have greatly improved throughout the Great Plains States of Texas, Oklahoma, Kansas, and Nebraska, and in the lower Mississippi Valley and southeastern states winter wheat is in very good condition, with moisture quite ample. They also point out that in the soft winter wheat states there is a sufficiency of moisture but growth has been slow and retarded due to continued cold weather. Planting of spring oats has advanced but has been more or less held up due to inclement weather. However, these operations could easily be completed in the central areas although very little planting is taking place in northern Indiana, Ohio, and Michigan.

We mentioned in our letter a few days ago that the Argentine government is taking steps to reverse the downward trend in agriculture. The five-year plan includes higher guaranteed prices, and compared with the 1954-55 period the wheat guarantee has increased 50%. The devaluation of the peso is favorable to export trade. There has also been establishment of multilateral trade and payment agreements with some Western European countries, whereby payments can be made in transferable currencies. One of the handicaps of agriculture in that country has been the scarcity of farm labor, which has been attracted to urban sections. This labor shortage has also been aggravated by the scarcity of farm machinery and implements, and while grain storage facilities of farms and at ports are adequate for the moment, they must be maintained and extended to prevent any serious marketing delays.

The USDA announced that as of February 28th the investment of Commodit Credit Corporation in Price Support Programs amounted to $8,340 million, consisting of $2,600 million in loans and the cost value inventories of about $5 3/4 billion. This is somewhat less than the previous year when the total investment was $8,930 million, at which time outstanding loans amounted to a little over $3 billion, with inventories of about $5 1/2 billion. In the price support operation cotton is the largest item with a total value of $650 million; tobacco is second, while wheat, which gets the greatest notoriety is approximately $355 million, although in the inventory wheat is the largest factor, being somewhat over $2 billion.

Primary receipts of wheat today totaled 874,000 bu vs 922,000 bu last week and 879,000 bu last year. So far this week Kansas City and Minneapolis whea stocks show a net decrease of 181,000 bu. When the wheat visible supply figures are posted on Monday they will compare with a decrease last year of 172,000 bu.

Strength in old crop bean contracts was the outstanding feature of today's market, with local buying and short covering being the main factors. Late in the session it was reported that a cargo of Manchurian beans was offered to Europe at 4¢ below United States beans, and that the cargo might be diverted to either the U K or Scandinavia. It was also reported a cargo of wheat was sold to Turkey, with that country having the option of taking either #2 red, #2 hard, #2 mixed or #2 white. There was some liquidation in the May future by longs, and the spread between May and the more deferred months narrowed. Firmness in new crop months appeared to come more from spreading operations than from new long commitments There were no bids overnight for CCC corn, and apparently exporters are backing away. This is the first time in quite a while that no bids had been submitted to the Agency. However, there was some short covering in the corn market, and after recent liquidation this was not surprising. CCC was reported to have sold exporters 870,000 bu barley, and also 210,000 bu of oats. According to The Southwester Miller, flour business has fallen off to an extremely slack rate. Bakers and jobbers are heavily covered on springs and hard winters, and it is expected that new buying may remain light for a considerable time. Export sales are limited, an mills are operating only at a fair rate.

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DAILY MARKET LETTER

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CHICAGO, 4 April 8, 1957

The latest figures show that under the acreage reserve portion of the Soil Bank there have been 21.3 million acres of cropland retired. Included in this figure are 5.2 million acres corn, which compares with nearly 4.6 million acres a week earlier, and besides this there are nearly 12.8 million acres of winter and spring wheat signed up through March 29th. In additionto this there are approximately 4.7 million acres in the conservation reserve so that altogether the Soil Bank has deposits of about 26 million acres. This represents about 7% of the harvested crop acreage, although the actual effect on 1957 crop output will, of course, be smaller. This is due to the fact that lower quality land probably makes up a considerable portion of deposits. Moreover, farmers have shifted some land to other uses. For example, farmers' planting intentions indicated that the combined acreage of oats, sorghums, and soybeans will increase by 7 million acres in 1957. One must also take into account that the harvested acres will show somedeviation from the planted amount, and besides this we shall undergo further changes in the weeks ahead. The deadline for signing conservation reserve contracts is April 15th; also, there are some features of the program that will show last minute changes.

Looking at the wheat situation for a moment by itself, we find that the 1956 harvested acreage was 49.8 million acres, and while one might jump to the conclusion that a 25% reduction might occur owing to the fact that so much land has been retired it does not necessarily follow that the wheat crop next summer will drop by the full amount, as naturally farmers have permitted some of the best acreage to stand. There has also been some wonderful moisture during the past three weeks, but in view of the poor start it is a little difficult to make guesses on the crop, although on Wednesday we shall have our first government report, and at that time we will have a better idea of what is to be expected in the way of production for the coming year.

The Senate recently passed a measure to extend for another year The Agricultural Trade Development and Assistance Act, better known in the trade as P. L. #480, under which the U. S. will continue to dispose of surplus farm commodities for foreign currencies, barter, and relief. The bill boosts the authorization to sell these surpluses for foreign currencies from $3 billion to $4 billion. It also increases from $500 million to $800 million the authorization for giving surpluses abroad to countries suffering disaster and it permits barter with Russian satellite countries of Eastern Europe. Thus there can be little doubt that the accumulated surpluses will gradually be cut, both through the ambitious program of exports and the smaller amounts that will be raised.

Before our market opened this morning, there was not too much to guide it, and while unsettled weather conditions still exist over large portions of the winter wheat belt, the heaviest falls of snow and rain seem to have abated and not too much moisture is indicated for the next 36 hours. The fact that some more export business is in the offing continues to be a stimulating factor, insofar as May wheat is concerned, with Chicago stocks continuing to decline, although it still appears quite likely that the United States carryover of free wheat on July 1st may be fairly substantial. Early reports show that Italy had bought a quantity of durum wheat from this country and there is a further inquiry for flour from Norway. Greece will probably buy 2 cargoes gulf hard wheat tomorrow, and a much larger quantity on April 24. Subsidy certificates traded at 2 1/4% discount.

There was a decrease of 1.1 million bu in the visible supply of wheat which cuts the stock to 6 million bu. Corn stocks are very large, having increased 887,000 bu to a total of 24.6 million bu. Beans showed a slight decline.

There was little feature to the market, except for the first time in quite a while new crop bean futures were strong, while the nearbys were quite indifferent. There was a report that Manchurian beans were offered below the price of U S, but this had very little influence on the market. CCC corn sales over the weekend were nil, and the market was rather dull. We understand that four cargoes of wheat are being offered to Yugoslavia overnight. This gave us a little firmer market toward the last, although trade in the pit was rather light; confidence has been shaken by the recent declines, and it may take constructive news of some kind to get the market out of its present rut.

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CHICAGO, 4

April 9, 1957

We have discussed often in these letters the wheat surplus problem which has developed in our country, and which has been accentuated ever since 1946, continuing even after the postwar period despite the fact that our exports have probably been heavier during the past ten years than ever before in our national history. Much of this may be attributed to the lack of free markets, although, of course, there were many factors that entered the picture. Government subsidies and high prices to farmers naturally stimulated production, with the result that billion-bushel wheat crops during this period have been more or less the rule rather than the exception. According to economic theories a well balanced price co-ordinates production and consumption; it furthermore tends to move the whole crop into consumption without a shortage and without a burdensome carryover. In 1946, the U. S. wheat reserve stock was only 84 million bu, which was, actually the smallest since 1917. Since that time the carryover stock has increased by leaps and bounds with the result that in recent years it exceeded the billion-bushel mark. This situation, however, was not confined to our country alone.

In Canada, artificial steps were also taken with the expressed hope of improving the farmer's status. Even the International Wheat Agreement failed to help very much in either country, although this was considered by so many theorists as a device claimed to be a desirable adjunct to state marketing. During seven years in the 20's, the annual wheat carryovers in Canada averaged only 57.9 million bu, with a highpoint of 127.2 million bu, while from July 31, 1947 to July 31, 1953, the carryover increased from 86.1 million to 383.2 million bu-- a figure which has grown to much greater proportions since that date. Pricewise the Canadian farmer has not benefited either, as the average cash price of wheat at Ft. William in the 20's was $1.36 per bu, and during the last seven years has averaged $1.83 on the same basis. However, using the Dominion Bureau of Statistics indices, the $1.36 average of the 20's was equivalent to approximately $2.20 in postwar dollars. Certainly the accomplishment of the earlier period in moving heavy production of Canadian crops into the world markets leaves little to criticize. Had the Wheat Board done as well as the free market accomplished for farmers, carryover reserves at the present time would probably have amounted to less than 100 million bu. Thus they would have been relieved not only of the present surplus anxieties, but could have marketed their wheat at will instead of under quota and according to government mandate. Canada, unlike the U. S., has not had the tremendous increase in production. During the 20's the annual wheat yields amounted to 426.4 million bu, while in the later period under discussion the wheat crop has averaged only 459.4 million bu. Still the piling up of stocks in that country has gone forward, and yet rarely does anyone point to the good performance of the market place from which there have been so many healthy effects.

Primary receipts of wheat were a little less than 1 million bu which compared with 795,000 bu last week and 1,214,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 290,000 bu.

At the beginning of the session the wheat market was a little higher, but somewhat indifferent, particularly in view of the four cargoes that had been sold to Yugoslavia. It was quite apparent that there was no hedge-lifting, so the assumption is that exporters must have gotten their wheat partly through scrip. On the other hand, the market seems to have been pretty well liquidated, and it gives the appearance of having been oversold, with the result that on moderate buying there were fairly good advances, and May wheat kept full pace with new-crop months. There was no special feature otherwise, except that some stop-loss orders were probably uncovered, but flour business was rather flat, and most mills are running at a small percentage of capacity. Soybeans were influenced a little by the firmness in other pits, but there is general realization now that for the first time in a good many years, production has caught up pretty well with consumption. As a result there is not the same eagerness to buy, nor is there the bullish sentiment that we have seen on past occasions when scarcity gave us an extremely high price level Instead of this we are having rather quiet markets, not too much trade, and it looks as though there would be a very large acreage planted to beans if soil and weather conditions are propitious. After the close tomorrow we shall have the government report, and the wheat figure is patiently awaited to see how much improvement there has been in comparison with the last December figure,

UHLMANN GRAIN CO.

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CHICAGO, 4 April 10, 1957.

This afternoon, after this letter has been written, we will have a government report on winter wheat as of April 1st. The report is awaited with great interest, as there are diversified opinions as to the benefit of the moisture over the last 30 days. When considering the indicated production in December, the government pointed out that weather conditions between that time and harvest time, as well as damage from insects and disease, largely influenced the final outturn of the crop. In the past 20 years the average change in U.S. production from the first report until the final has been 113 million bu. The maximum change was in 1953, when the final production exceeded the December estimate by 274 million bu. The minimum change was last year when the final figure added only 1/2 million bu to that given out as of December 1st. Of course, we must not overlook the fact that we are dealing with a reduced acreage due mainly to the Soil Bank, although undoubtedly the poorest acreage was put into the Soil Bank.

Broomhall in his last report, speaking for Europe, mentions that conditions are rather spotty over the entire European Continent. Some places it is too wet for planting; in other areas too dry for the development of winter grains and germination of spring grains. However, the overall situation remains fairly good except the southeastern areas, where dryness has affected the crop outlook. Weather in the U. K. has been favorable for spring planting but some doubt is expressed whether a full acreage will be put in as many farmers will turn more towards barley. In France, winter wheat seems to be in good condition. If weather should remain propitious the Italian outturn should top last year's production. However, in the Danube Basin unless moisture is received shortly some concern is expressed, while in Turkey the feeling is more pessimistic. Australian reports that partial rains recently have been favorable for soil preparation and wheat planting but that moisture is still needed over large sections of New South Wales and Victoria.

The USDA mentioned that up to March 15th about one-fifth of the corn crop put under support was based on the $1.25 loan, which is about the same proportion as the month previous, with the total of 71.3 million vs 58.5 million thirty days ago. Under the higher $1.50 loan up to March 15th, there were approximately 291 million bu compared with about 255 million in February. As of March 15th, there were 167.5 million bu wheat under the support price, or a reduction of 14 million bu during the 30-day period. However, on the Pacific Coast throughout the season there have been heavy redemptions, and according to a USDA statement very little wheat remained in that territory under support March 15th.

In checking with some of our Illinois offices this morning, around the Lincoln area they reported 80 to 85% of the oat seeding completed; the balance of the land will probably go into beans as the ground is still very wet. Bloomington states it is too late for oats and guesses are 5 to 10% of the intended acreage will not be seeded, and will also go into beans. Hoopeston stated they were about 90% seeded; Gilman practically completed with lots of water standing in low places. Of course, drying weather will quickly complete seeding in the northern areas. However, late seeding due to weather always presents the possibility of more damag when hot weather sets in.

Primary receipts of wheat today amounted to 954,000 bu vs 762,000 bu last week and 715,000 bu last year. So far this week Kansas City and Minneapolis whea stocks show a total decrease of 540,000 bu.

The only export business we heard of overnight was a cargo of #2 red sold to Turkey, but we understand that CCC sold some red wheat east of Chicago at a price lower than the Chicago delivery basis. This coupled with the fact that one interest here sold May wheat and bought July, led to unwinding of spreads on part of locals, and also liquidation of May wheat. Weakness also developed in the new crop futures of wheat. According to The Southwestern Miller, bakery flour demand is poor, and mills see little immediate prospect of any turn for the better. With few exceptions the trade is heavily booked.

Winnipeg states that in overseas markets prices of Canadian grains are further depressed, and London barley futures also showed further weakness. We heard that Egypt will have a tender on April 16th for about 100,000 tons of wheat of all origin. There was only 75,000 bu corn sold by CCC to exporters overnight; they rejected all bids at the Gulf. However, this is the first time that exporters have submitted bids in about three days. Beans were again under liquidation with lower prices for oils. The bean basis in Chicago was somewhat better.

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CHICAGO, 4 April 11, 1957

After the close of the market last night we had the long awaited crop production report, which showed a likely yield of 669 million bu winter wheat, or 9% less than last year, and 22% less than average. There was, however, an increase of 44 million bu over the December estimate, and the improvement came largely in Texas and Oklahoma, those two States showing an increase of 16 million bu, while there was also a 4 million bu increase in prospects for Colorado, 5.7 million bu for Montana, and 7 million bu for the State of Washington. As far as we can see there will be deficiencies in the Southwest, as the estimate for Kansas was unchanged, at less than 80 million bu. Nebraska and Missouri were likewise unchanged, but as offsets we find there will be fairly good crops raised in the Pacific Northwest, and also in the Central States.

The outlook is reasonably optimistic considering the loss of acreage due to the Soil Bank. If we should raise a winter wheat crop of 669 million bu, and later produce 175 million bu of spring wheat, it would give us a total crop of 844 million bu for 1957. We assume that domestic usage will continue at about the same rate as at present, which would take 600 million bu. We also assume that if prices stay below loan levels there will be nearly as much impounded next season as there was during the current crop year. This would mean that before any redemptions, 250 million bu of wheat might be tied up under loans. Thus in the two categories: namely, home use and loan account, practically all of the crop would be concentrated in those two positions without making any allowance for exports. There might, of course, be a larger carryover reserve of free wheat on July 1st, 1957 than we had a year ago, and there may also be some scrip certificates outstanding, which would be offsets. Moreover, the wheat domestically consumed would only go into consumptive channels at a gradual rate, so it may not be fair to gauge ones calculations on the ultimate outcome before any of the pressure actually starts. The trade must feel about the same way as we do on this matter, and first quotations were very little changed, or possibly a little lower than yesterday.

Wheat stocks on farms were given at nearly 166 million bu, which was the lowest for April 1st since 1947. Actually these stocks are 23% smaller than a year ago, and 26% below average. As for feed grains, the combined farm stocks of corn, oats and barley were almost 1% larger than on the same date last year. Stocks of corn were second largest of record for the date, having been exceeded only in 1949. The rye in farm storage was only 41% of last year, while farm stocks of both soybeans and flaxseed were the highest ever attained. Soybean disappearance since January 1st has lagged behind last year's rapid rate, and remaining stocks on farms are nearly double those of a year ago.

One optimistic feature of yesterday's report is that the dry fields in the bad areas had livened by the long-hoped-for rain and snow, also that irrigation projects in the Central West also were brightened by heavy snowfall in the Rockies, and that accordingly the outlook for spring plants has been enhanced. At the same time plantings of some spring crops were delayed by storms or wet soil in many early sections, but farmers may still be able to get their acreages sown to advantage. The moisture came too late in many sections of the winter wheat belt to revive some dead or blown-out seedings, but the wheat condition from Missouri eastward is generally good, despite lack of vigor and stands, which had brought some damage during recent weeks.

Primary receipts of wheat were 924,000 bu compared with 886,000 bu last week, and 976,000 bu last year. Kansas City and Minneapolis wheat stocks so far this week show a decrease of nearly 1 million bu.

Markets were rather quiet again. There was some buying in May wheat when a report was circulated that 185,000 bu of hard wheat would move out of Chicago by lake to Duluth. However, the market seems to encounter some selling on advances, and this has been the case now for several weeks. According to Broomhall, U S wheat and flour exports were 9.3 million bu for the week, and the total for the season is 397 million bu, which leads us to believe that total exports for the season might even exceed 450 million bu. There was nothing much in the weather, although Norton, Kansas, had some snow, and some was also reported in Omaha. There was good moisture overnight in the Central States, and in our Northwest. Corn was indifferent, and government selling was next to nothing. Beans rallied on local short covering; likewise, there was very little new pressure from the country. The Senate turned down the corn acreage program.

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CHICAGO, 4

April 12, 1957

Ordinarily during the spring months we have enjoyed bull markets in beans, and this was the period of the year when often if any shortages occurred, they were felt owing to the fact that gradually we started cutting into the surpluses. This year we have had a different situation, despite the fact that the monthly crush of beans in all U.S. plants has exceeded all previous records. Mealcontinues to flow into livestock feeding channels at an unprecedented rate, and even with the heavy grindings there have been no sizeable stocks of meal built up. Meal prices, which are now the lowest in years, have been kept at a level where there was no interference with consumption, but apparently there are other factors which must also be taken into consideration. Oil markets have not kept pace and despite all efforts to ship heavily under P. L. #480, clearances have been disappointing, and it may now be too late to effect a heavy export business between now and next harvest. It looks as though CCC might have to take over sizeable stocks at the end of May. It also appears that the government for the first time will have a disposal program on soybeans.

Tomorrow for the first time in history all U.S. Post Offices and mail services will cease to operate on a Saturday. This has come about because Congress has not appropriated sufficient funds to maintain present operations. The Post Office, as such, has never been a money-making project, and has had to be subsidized to the tune of about $500 million per year. Congress will probably appropriate sufficient funds as there is some doubt as to how much money can actually be saved by curtailing services, particularly since it will mean extra time in sorting the heavy mail the following Monday. It likewise seems like a questionable saving when billions of dollars are being expended for foreign relief and other purposes. In most of the budget discussions the point is made that the reason for the heavy outlays is due largely to major national security expenditures, which account for more than 60% of the total. Actually, however, since 1954, defense costs have declined $3.6 billion, while during the same period non-security spending has risen by $7.6 billion, or virtually one-third.

Before our market opened this morning, there was not too much to guide it. There were reports that a number of cargoes of wheat had been sold to India but we saw no important hedge-lifting, and first prices were little changed from the day before. No moisture was reported in the Northwest overnight, although there had been some in the Southwest, and according to the 5-day weather forecast, there may be further precipitation by Sunday and again by Wednesday, with falls heaviest in eastern sections.

Primary receipts of wheat amounted to 961,000 bu, which compared with 874,000 bu last week, and 1.1 million bu last year. Stocks of wheat at Kansas City and Minneapolis so far this week show a total decrease of 1.3 million bu, the heavy decrease being in the Southwest, which is probably due to shifting of stocks, and some was wheat from elevators to the CCC. When the visible supply is posted on Monday it will compare with a decrease last year of nearly 4 million bu.

Markets were extremely quiet, but firm. Beans were somewhat indifferent, but even there no pressure was to be found. In the milling trade there is no change, and demand for product is very quiet; as a matter of fact, some mills say that they are almost at a complete standstill. It developed that the 8 cargoes of white wheat purchased by India were mostly out of the Pacific, with 5 cargoes taken there and 3 from the Atlantic. It is a little difficult to say just what happened in corn, except there was some local buying early, and this ran the market into stops and offerings were rather light on the way up. When the yellow cereal strengthened it naturally had some effect upon other grains. Oats were firm, and with weather rather cool for this season of the year there is a fairly friendly sentiment; as a matter of fact, oats have maintained a certain amount of firmness now for the past month. We heard of no further sales or shipments of wheat from Chicago to other parts of the country, and at times there were some realizing sales in May against purchases of new crop futures, which narrowed the differential slightly. There may be some business to Yugoslavia over the week-end.

On Monday, we shall start trading in new contracts of July, September, and December wheat to conform with the new federal standards, but we doubt whether the new contracts will vary much in price from the old except they might sell at a slight discount. New #3 grade, which calls for 58-pound wheat, permits more foreigh material than #2, but since there is also a discount which presumably is equitable to buyers and sellers, we doubt whether there will be much confusion, and there undoubtedly will still be a good many people who will wish to trade in the old contract.

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CHICAGO, 4 April 15, 1957

It is quite obvious to us that the farmers in the winter wheat area have taken full advantage of the Soil Bank Program by putting their poorest land into retirement, which is only natural. They have kept the better acres which they will allow to stand for harvest, and as a result the indicated yield per seeded acre is 18.2 bu, which is the same as it was in 1947, and by the same token it is the second highest on record, and compares with only 16.5 bu per acre in 1956, and the average of 15.9 bu. Thus it might be concluded that the Soil Bank has actually become an agency for what might be termed "insurance" and while nobody can blame farmers for taking advantage of the terms that were introduced through lawful measures, it must also be considered that the reduction in crop will not be as severe as would be indicated by the smaller number of acres that will be harvested. Moreover, there are other considerations that are important as a market factor. Earlier in the crop-year many people had thought that with the exports being handled through private sources, this would be a bigger boon to the market, but possibly they failed to realize that through scrip certificates there is still a fair amount of government wheat that is being sold, and thus the total shipments from the free supply will be somewhat smaller than had been at first anticipated. Through March 7th, certificates were issued for $111.7 million under the payment-in-kind program which had been earned on exports of 137.3 million bu wheat. Of these exports, 27.3 million bu had been effected from the East Coast. There were 44.3 million bu from the gulf, and actually 65.7 million bu was shipped from the West Coast, which, of course, was due to the large quantities of wheat available in that section of the country. By classes the exports (in millions of bushels) were: Hard wheat 48.6; soft wheat 14.1; hard red spring 3.5; white wheat 61.8; durum 5.1; and mixed 4.2.

Before our market opened this morning, there was not too much to guide it. There had been scarcely any rain over the Southwest, but there is some possibility that we may have precipitation, according to the 5-day forecast. The market opened very little changed, although it is thought likely that there will be fair export business during the remainder of the season. During March, we shipped about 43 million bu wheat, and for the first 9 months of the season, we have cleared 388.4 million bu, which compares with only 214.6 million during the same period last year. Wheat supplies remaining for export, milling, or carryover, on April 1st, totaled 1,158 million bu this year compared with 1,272 million last year, and 845 million, the 5-year average (1950-54). There was a little corn and milo sold to the Continent, and exporters say there is a slight improvement in the feed market abroad. Primary run of corn seems to be dropping off, but CCC sold 200,000 bu corn to exporters over the week-end. Most reports from downstate indicate that oat acreage may drop by 10 to 15% and this seems to be the basis of the firm market in that commodity, although oats reacted today, as other cereals declined.

Chicago wheat stocks declined more than 1 million bu, but in spite of this May wheat was the weakest, and closed about 3¢ per bu lower. There is still about 5 million bu of wheat left in Chicago, but it was thought that a fair quantity of export wheat might have been bought fromCCC, although the house, presumably having done this business denied it, and we saw no evidence of hedging. Nevertheless other wheat futures went down in sympathy, and the weakness spread to other pits, with quite a sharp break in oats, and beans likewise were off considerably. Late last week Poland was reported to have made a deal with Canada on liberal credit terms for the purchase of wheat. Should this deal go through it would naturally affect us, but might in turn involve Poland in the purchase of other farm products from here, such as edible oils. This is all on the assumption that $30 million allocations will finally be ratified.

Today was the first session on which new style wheat contracts were traded. The new deliveries were at a slight premium over the old, and elevator interests bought them possibly on the assumption that if they received tender the wheat would be almost as good as what they would get on the old, and that they might receive it at a discount of 1¢ per bu.

We understand that possibly offers will go out tomorrow to India on white wheat from all ports, but chances are that a large percentage willagain go via the Pacific Northwest; therefore,thismay not be too much of a market favor. Rye also broke sharply.

Chicago corn stocks increased 314,000 bu, which was more than an offset against the decrease in afloat stocks. The total in elevators is nearly 25 million bu. Beans showed little change, but stocks decrease a little to 2.7 million bu.

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CHICAGO, 4 April 16, 1957.

In discussing the budget and our public debt, most emphasis is generally placed on the expenditures for defense, although it should also be realized that servicing of our debt is becoming more expensive owing to the fact that the government must pay higher interest rates in order to entice investors. When the March borrowings were effected, interest rates were advanced to 3 3/8, and in some cases to 3 1/2%, which was the highest the Treasury had offered on any obligations since 1933. Outside of the U S there are few, if any, countries that can borrow at cheaper rates. Actually the U K last February sold some bonds on a 3 1/2% basis, but in doing so they had to market the securities at bargain-counter prices of 80, which meant that the 20 point discount raised the offered yield actually to 4 1/2%. When a private investor buys governmentbonds, he may be exempt from state and local income taxation, but he still is fully taxable under the federal income tax laws. He is also subject to an additional factor of market risk should there be a depreciation, as there has been in many of the government bonds previously issued. To provide a 2 5/8% return after tax and also make up for last year's loss in buying power of the dollar, the government would have to pay 7.9% to a person in the low income tax bracket, and as much as 70% in the highest tax bracket. Thus it can be seen that with tax-free municipals and other investments that offer greater attraction, the government can no longer borrow its money on a cheap basis, although there are still many insurance companies and corporations, which are potential purchasers, but all of them are affected by the risk of dollar depreciation, and, therefore, a good many investors take this into account, particularly during periods of inflationary tendencies. In any case, the cost to the government in servicing a huge debt has grown, and therefore, it continues to be important that we try to not only balance our budget, but actually retire debt in an effort to relieve pressure on the money market, which has always expressed itself in higher rates. Unless that is done, inflation will get out of hand.

Before our market opened there had been a few reports of moisture in the Southwest, but the map is unsettled, and chances are we shall have more precipitation, not only in those districts, but also, over the corn belt. With this in mind, first prices of wheat were a little easier and the carryover feeling from yesterday was a discouraged one as the market had slipped rather sharply. We do feel, however, that if we raise a total wheat crop of 850 million bu, domestic usage and probable impoundings will take care of most of the wheat raised, so that any exports, even if they are on a reduced basis, would have to come out of accumulated reserves This might finally give us an artificial market, although for the time being traders are paying more attention to the fact that prospects in the Central States are good, and that we may have some pressure after harvest.

Primary receipts of wheat amounted to 806,000 bu which compared with 960,000 bu last week, and a little over 1.5 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 325,000 bu .

During the session there was considerable buying of July wheat, which was thought to be short covering, but the main feature to the market was buying of May wheat against sales of July, and in all probability there will be further reductions in Chicago stocks as time goes on, which makes the May wheat situation extremely uncertain.

According to the Government Weekly Grain and Crop Report, there was no much progress on farm work over the eastern two-thirds of the country. Weather was unseasonably cold, in some sections fields were wet, and they also had snow and rain with which to contend. There are areas of the country where spring work is being delayed, although corn has been planted as far north as southeastern Virginia and southeastern Kansas. Flour business was very quiet, and we heard little in export circles except two cargoes that were sold, including one to Turkey. Corn futures became strong, and the commercial demand has improved considerably. This is true not only to the East of here, but also in the Central States, and with the country offering so little the premium market is strong and some of the processors need supplies which they can get only from elevator sources. There is still nearly 25 million bu of corn in Chicago, of which nearly one-half is owned by CCC. Of course, there could be a change, but in view of declines that have occurred there seems to be a little more friendly sentiment. The bean market held reasonably well considering that oil and meal prices were at about the lowest levels of the season. Oats were strong and could do better. Rye was firm.

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CHICAGO, 4

April 17, 1957

People in every walk of life are deeply concerned over growing government expenditures and the huge budget. The last to voice an opinion was the President's brother, who at an impromptu press conference last night said that he would like to discover what influences were at work which have apparently changed the President's mind about government spending. He said he could not understand "what persuaded Dwight to go for all that big budget this year." The matter is brought home so forcibly by the high taxes in peacetime, and also at a period when we are probably having about the greatest prosperity in the history of the country. Taxes are now taking theearnings of people for almost 20 minutes out of every hour of work. The proportion is higher than that which was taken by the governments of any of the leading European nations a quarter of a century ago, including Germany and the dictatorship of Russia. One economist likens it to a hidden and insidious force at work, as in the case of destruction by termites which eat away the foundation of the building before anything serious happens to what may be seen on the surface. While this destruction creeps on, the roof and the outside walls remain intact, and appear as sound as ever when viewed superficially. He detests anything that smacks of pessimism, but feels that we are walking into trouble while blindfolded to reality. Should we not, therefore, be wise enough to avoid it, and can we do so before it is too late?

In agriculture, for example, the government piled one more subsidy on top of existing subsidies: namely, the Soil Bank, which provided money to farmers who agreed not to produce. Actually this doesnot differ too much from the "plow-up" schemes that were adopted in the early 30's. There are those equally interested in farm prosperity who believe that we should give protection only in the case of dire need. Others have recommended direct compensation payments, but only against the amount of a commodity that is consumed domestically, leaving all sales and prices to the open market. Either of these subsidies at the start would at least be less pernicious thanwhat we are attempting to do now.

Before our market opened this morning, we heard that about 600,000 bu of Chicago wheat receipts had been cancelled, representing #2 red wheat that was to be shipped from here to Norfolk. This apparently was the occasion for the early buying of May wheat this morning, and it widened its premium over new-crop futures. There is no doubt that large export business in the near future is still an important factor. Poland needs a million tons of American grain; she has purchased all told about 22 million bu from Canada on credit but probably wants fats, cotton, and other products from us. Yugoslavia will no doubt take further quantities from us, and with the allocations to Spain and Turkey it looks as though total shipments for the season will be larger than the projection of 450 million bu earlier stated. Next crop-year, of course, Europe should have better crops, and the demand will show reductions. Japan purchased 2 cargoes Manitobas and 1 cargo of #2 white wheat overnight, while India bought a number of cargoes of wheat from the Pacific Northwest. There are, of course, other countries contributing toward world requirements. Black Sea shipments to Europe now total nearly 14 million bu and Egypt is looking for an additional 100,000 tons of foreignwheat, hoping to secure some in Italy, and she also wants 40,000 tons flour.

Primary receipts of wheat were 865,000 bu, which was about the same as last year and compared with 954,000 bu last week. Kansas City and Minneapolis stocks so far this week show a total decrease of 600,000 bu.

During the session there were some reports of moisture in parts of Kansas, but the Kansas state report was not particularly optimistic, and said that wheat was slow in responding to improved soil conditions on account of cool weather during the pastweek. They also talked of the presence of mosaic, while the seeding of oats and barley had been further delayed by wet fields in the western half of the state. As we mentioned yesterday, the commercial demand for corn has improved, but there was a report fromSt. Louis that CCC was selling some #2 yellow corn in the spot market, whereas previously they had sold only offgrades.

We believe this was rather isolated, and in some instances, at least, was probably due to storage availability. While the deferred futures of wheat only advanced fractionally there was comparative strength in May, and with Chicago stocks going down there could easily be a tight situation in the old-crop months. Beans held fairly well considering that oil and meal are at practically the low point of the last ten years.

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CHICAGO, 4

April 18, 1957

It is interesting to note that President Eisenhower is not satisfied with the present farm program, and apparently would like to overhaul the whole structure of it. The U.S. is not alone in farm program difficulties as every exporting country seeks to obtain a maximum share of the world market, while at the same time stabilizing its own prices. Surpluses of wheat and other grains are held back by governments at times of declining prices, accumulating expensive warehouse charges, and grains are allowed to go out of condition-- notably corn in the U.S. before it can be sold on the domestic market, except if the price should be high. So there is much need for revision of policies in many countries.

Canada yesterday reported stocks of grains in all positions as of end of March, with wheat totaling 831 million bu, which is equivalent to two good-sized crops, and is enough to feed the Canadians for more than five years. Never before has Canada had so much grain on hand at this time of year, with total supplies of all major grains 1,460 million bu, which is an increase of 240 million bu over last year. Their home consumption during the first eight months of their crop-year, (August through March) was about 30 million bu more than last year, which all came from the additional use of 54 million bu of oats and reductions in other grains. Wheat was down about 11 million bu, barley about 13 million bu, and rye home uses down about 1/2 million. As aforementioned, however, wheat on hand totaled 831 million bu compared with 750 million at this time last year, and while more oats were used, they still have a stock of 336 million bu, almost 100 million more than at this time last year. Barley is up 30 million bu to a total of 227 million, and rye is down about 7 1/4 million bu from last year to 17 1/2 million bushels. Even though the rye stocks are small they are still rather good, and the Wheat Board is now permitting resumption of shipments from country elevators to the lakehead. This action has probably been taken because the May rye has been at a premium over the deferred deliveries. There is still the question unsettled as to quotas for rye imported into the U.S. during the next crop starting July 1st. The U.S. government has not issued any statement on this, but before quotas could be fixed it would be necessary that they be preceded by public hearings.

Grain belt weather overnight showed precipitation in a number of areas which is particularly disturbing for oat seeding. Even down in Oklahoma where that crop matures early, much of the intended acreage has not been planted. Much farther north, in Nebraska, only 21% of the oats have been seeded compared with 88% at this time last year. The normal date for planting of oats, as far as the northern part of North Dakota, is April 21st, and it should have been to northern South Dakota by April 11th, and in areas where oats are not planted they should have been going into the ground by about March 21st in the southern part of Nebraska and southern Iowa. Despite this lateness today's market declined following substantial buying around the opening of the market. Some oats have been bought by U S shippers from the Canadian Wheat Board, with the likelihood that these will be shipped to Buffalo for distribution in our eastern states. Canada does not have many oats readily available at the Lakehead, and after selling stocks on hand the Wheat Board seems to have adopted the policy of selling them as they become available from interior shipments.

Additional foreign sales of wheat for shipment out of our eastern ports has developed only slowly in recent days, but there was a sale of 12,000 tons overnight to Yugoslavia, sellers' option of shipping red, hard or mixed wheat. Nevertheless, it is considered that Chicago is likely to continue to ship wheat from current stocks at a rapid rate for the purpose of exportation from Atlantic ports. Apparently this puts those who are in a short position in May futures on the defensive. There are apparently a lot of new trades going into the May futures, and even with a 9 million bu volume yesterday there was a change of only 3,000 bu in the open interest and at the opening of today's session there was 20,404,000 bu of that delivery open. Eventhough scrip certificates are discounted at equal to about 5 1/4¢ per bu, it seems difficult to use these at the Atlantic Coast in competition with the free market wheat because of the high basic premium at which the CCC holds their hard wheat offerings. Meanwhile, they do not offer red wheat or white wheat which they are in the process of taking over as a result of the loan in the eastern states, such wheat is potentially desired by several buyers --India, Yugoslavia, Spain and Turkey.

When the wheat visible supply is posted Monday it will compare with a decrease of 5 1/4 million bu last year. Kansas City and Minneapolis have decreased about 3/4 million bu so far this week. Primary receipts of wheat were about 1 millio bu, not much different from last week or last year.

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CHICAGO, 4

April 22, 1957

Over the extended week-end there were a number of things that happened. First of all, Texas received very heavy rains, and at Corsicana there was about 9 inches. This, however, was the exception although there were a number of other areas that had rain from 2 to 3 inches accompanied by hurricanes, hail, etc., but taken altogether the drought now seems to be pretty well broken in that state, but the relief came too late really to be of much help to the wheat crop. In the Panhandle districts moisture was not as heavy as it had been in central and eastern Texas, but even there a fair amount of moisture was recorded.

Another market factor was Secretary Benson's proposal to support the 1958 wheat crop at 75% of transitional parity. This would mean a national average support price of $1.78 per bu for eligible producers, who will on June 20th vote in a referendum to decide whether to approve or disapprove marketing quotas based on this average loan price on national acreage allotment of 55 million acres. Growers in the commercial areas who stay within their allotments will be eligible for price support on their entire production. On the other hand, growers who exceed their farm acreage allotments will be subject to marketing quota penalties if they have more than 15 acres wheat for harvest. Growers who knowingly exceed their allotments will not be eligible for support at all. Some people have been wondering why the Secretary came out so early and whether it was done with the intent of scaring farmers. This fifth successive proclamation is required by a wheat supply that is 56% above the marketing quota level, and it has aroused ire on part of some of the legislators who feel that Mr. Benson is not very sympathetic to farmers, although many of the requirements have been set by law, as for example, the national wheat acreage allotment of 55 million acres is the minimum fixed by law and is the same as for the 1957 crop. Furthermore, legislation provides for establishing a national wheat acreage allotment each year except in the event of a national emergency. If the allotment had been determined on basis of the law's supply formula the 1958 acreage would actually have been cut to 23.1 million acres. As it is with 55 million permissible acres sown one year hence, it would with average yields produce a crop of about 800 million bu after allowance for acreage placed in the Soil Bank. This amount added to the estimated July 1, 1958 carryover of 875 million bu, plus possible 5 million imports, would make a total supply of 1,680 million bu.

Our markets opened drastically lower although May wheat, representing old-crop positions, did not encounter quite as much selling, and thus the spread widened to nearly 12¢ between May wheat and old July wheat when our market opened this morning. Today is a holiday over most of Europe and very little in the way of export business had been reported. We understand that some oats are coming here from Canada and this together with other bearish factors gave us a lower market in oats, although it is still thought that acreage will be somewhat reduced due to the late spring we have had. CCC sold 415,000 bu corn to exporters, which had some influence on the yellow cereal, and there is still a chance for more moisture pretty generally over the country except possibly the Northwest. Up to now there have been no import restrictions placed on rye, and it may be that the government will not take action this year as they have during the last three or four seasons when Canadian shipments to the U.S. were limited to a little over 3 million bu.

The moisture and the Benson program, which we mentioned led to liquidation in wheat, although May wheat was relatively firm. Chicago stocks of wheat decreased 556,000 bu leaving a total stock in this market of 4,360,000 bu. From what we gather stocks will be further decreased during this week. We also understand that one of the parties who had been carrying cash wheat sold about 400,000 bu of his holdings to an elevator interest. Continual sales by CCC lead to further discouragement in that cereal. Beans were weak, bean oil was also slightly lower, and meal showed some declines. Primary receipts of wheat today totaled 2,052,000 bu vs 2,033,000 bu last week, and 2,342,000 bu on comparable day last year. The visible supply figures have been delayed. Chicago stocks of corn increased 928,000 bu bringing the total here to almost 26 million bu. Chicago stocks of beans decreased about 1/2 million bu, leaving slightly over 2 million bu in this market, plus 1/4 million bu afloat.

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CHICAGO, 4 April 23, 1957

Canada looked favorably upon our policy of cutting support levels for the 1958 wheat crop, and while stating that it would not affect their price level, it would at least restore greater reality to the grain outlook. They also figured that it would be helpful, inasmuch as it would reduce the amount of protection American farmers have been receiving, thus bringing their returns more in line with the trend in world prices. Canadian authorities have long felt that the big subsidy had encouraged U.S. farmers to produce large wheat surpluses, which in turn stiffened competition for world's markets. Of course, Canada, while not directly providing any subsidy to wheat production is nevertheless not entirely innocent with respect to the question of building up unmanageable surpluses. For example, the carryover reserve last August of 540 million bu was actually bigger than the amount of wheat that was raised last summer: namely, 537 million bu. Thus a total stock well in excess of a billion bushels is a huge quantity with which to deal when it is figured that domestic consumption in that country amounts to only about 160 million bu. At the present time, allowing for exports to mid-April, there is still 737 million bu wheat left in Canada for export and next carryover, and with the large business that is passing from the U.S., we think it is entirely likely that Canada will be left with a carryover reserve on August 1, 1957 of some 600 million bu wheat or more. This has happened before, but when it did occur it was often followed by a shorter crop, so that the effects were not too painful. Nevertheless, there must be a day of reckoning in that country, and from all we hear soil and moisture conditions are very favorable at the present time, so that another big crop might be expected. Moreover, a country with only about 16 million inhabitants is less able to cope with such surpluses than are we with a population of more than 170 million persons, and huge elevator space to take care of the grain, not to speak of the various storage charges which must necessarily be a factor also. Another consideration is that Canadian wheat exports are no longer larger than ours, and, for example, last year total wheat and flour shipments amounted to only 308 million bu, while the year before they totaled 251 million bu, and the year before that 255 million bu. Thus they are making little headway in getting their own house in order. Moreover, they have not had the drastic acreage cuts in that country that have been experienced here, and, for example, plantings are on about 21.3 million acres as compared with a little less than 25 million for the ten-year average. As a partial offset, yields per acre during the last two summers have been running at 23 and 24 bu per acre, respectively, as compared with only 18.6 bu per acre normally, taking results from the average of the past ten years.

There was a large business to Yugoslavia late yesterday, 8 cargoes having been purchased, of which 3 were out of the Atlantic, consisting of red, mixed, or hard wheat, while 5 cargoes were sold at the gulf. Turkey also bought a cargo of No. 2 red, mixed, or hard at the Atlantic, and we understand that all sales were for May shipment. It was reported that Turkey received an additional allocation for 43,000 tons wheat under P. L. #480. There were no bids from exporters to Commodity Credit in corn, and thus no business overnight. Good rains were received again overnight, particularly in Kansas, and the weather map is still showery, with thunderstorms expected. There are some areas now in Oklahoma, where they have had sufficient precipitation and where a period of warm sunshine would be welcome.

Primary receipts of wheat today amounted to 972,000 bu which compared with 806,000 bu last week, and 1.5 million last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 491,000 bu.

The main feature in wheat today was the comparative strength in May and one house with northwestern connections was a big buyer of this future today as he had been yesterday. New crop wheat futures sold at a new low for the season, and part of the weakness in the deferred months was selling against May. It is rather difficult to see where there will be any deliveries on May wheat, at least early in the month. Therefore, the action with relation to later deliveries is still most uncertain. The same, of course, is not true in Kansas City where some new wheat may be available by May 20th, and as a result the May contract down there is now selling at a discount under us. We are not particularly bearish on July, September, and December wheat because we think at this big discount under the loan that impoundings will be heavy. Some, of course, feel there will be early pressure, but there might also be an early demand on part of domestic users. Beans finally weakened despite the fact that there was little pressure from the country. Oil was weak. Corn was without much feature. There was some buying, but it is difficult

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April 24, 1957

There was a somewhat discouraged feeling from yesterday, and grains and beans both opened unchanged to a shade lower. After the close of the market today, there will be a government report of stocks showing the amount of grains in all positions, and the same will include soybeans and flax, so that we shall have a full picture for the quarter. In the meantime, we know that stocks of wheat on farms on April 1st amounted to 166 million bu, which was 23% smaller than a year earlier and about 26% below average. Slightly less than half the farm-stored wheat was under government loan on April 1st compared with two-thirds at the same date last year. Corn stocks were estimated at 1.6 billion bu, which was 8% larger than a year earlier and 22% above average for April 1st. Except for the 1949 stocks, this was the highest ever recorded for April. Oat stocks of 410 million bu on farms were the smallest for April 1st since 1948, and actually there was a reduction of 28% in comparison with last year, and present farm stocks are 17% smaller than average. Rye stocks of about 4 1/2 million bu were down from a year ago by almost 59% but are still 10% larger than average. The large reserves on farms occurred in beans, with 116 million bu in that position, which was the greatest amount ever held as of that date, and the figure is almost double that of last year, and is likewise well over twice the average amount. When we get the complete picture, it will, of course, shed more light on the subject, but we have repeated the above merely to show what might still come forward from first hands.

There was quite a little rain overnight covering the corn belt but not much Southwest. The weather outlook, however, is still for a showery condition, and except for a very few isolated cases the drought seems to be well broken. In many localities now warm weather and sunshine would be welcome in order to promote growth. Temperatures are expected to be slightly above normal for the next five days.

While the grain market has been declining, securities have held up pretty well, despite concern in many quarters over the budget and the increase in federal expenditures. For civic public works construction in the current fiscal year, outlays are expected to be 37% higher than in 1956. In addition to this the administration plans to increase spending for public works in 1958 by 94% above the 1956 total. In these comparisons with last year no account is taken of the Federal Aid Highway Program, which is now handled through a trust fund rather than in the regular budget. If that rapidly expanding program were included in the comparisons, the percentage increases would be even greater. There are some members in Congress who are becoming vocal, particularly Senators Bridges and Byrd, both of whom have pointed to public works as an area susceptible to substantial reductions. Senator Bridges in particular, the ranking minority member of the Senate Appropriations Committee, has specified a cut of $575 million in present authorized projects as a reasonable goal. He would effect a reduction by merely holding most construction activities to their 1956 levels and only permitting increases where urgent need can be demonstrated.

Primary receipts of wheat were only 716,000 bu, this compared with 865,000 bu last week, and 1.1 million last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 684,000 bu.

Trade was quite active today, and there was a good deal of spreading between May wheat and the more distant futures. We also heard that exporters had bought additional amounts of red wheat in store here in Chicago, which is quite likely to be shipped out. As a result of this, plus reports of more export business, we finally had a rally with May wheat leading. In addition to 4 cargoes of wheat purchased by Yugoslavia, we hear they will be in the market for 10 more cargoes, and that Turkey may also take 7. Two of these cargoes may be worked later in the day- one each to the aforementioned countries. Should the supply of free wheat be cut down considerably by the continued export business, we feel that new crop may get a fairly good reception, and while we admit there is a good crop prospect in the Central States, pressure may not be too heavy with prices so far under the loan. The bean market rallied rather sharply, as oil prices improved after some early weakness. There was some commission house buying in beans, and also some local activity. Corn prices were barely steady but with the upturn in wheat and in beans there was a little better sentiment all around.

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CHICAGO, 4

April 25, 1957

Afterthe close of the market yesterday, we had complete details on the stocks of grains in all positions, and the results are bound to change to some extent previous calculations, particularly after taking into account disappearance of various grains, and also beans, during the past quarter. Stocks of corn and soybeans in all positions on April 1st were at record levels. The corn report was bearish, indicating 2.6 billion bu in all positions, which is as much as we sometimes raise, while the soybean stocks of 217 million bu exceed the previous record by 23%. As far as corn is concerned, we have about 900 million bu more in all positions than for the average ten-year period, and actually there was about 278 million more on hand than a year ago. While the beans stock is very large, it did not show as much as had been expected, and we must either conclude that the crop was overestimated, or that the disappearance has been larger than indicated by crushings and other figures. The wheat stocks of 1,188 million bu in storage in the various positions on April 1st are the third largest of record for that date, but by the same token they are below the level of the two previous years. Actually, we have 134 million bu less on hand than at this time in 1956. This is due in part to larger export shipments, and we can only conclude that the carryover reserve on July 1, 1957 will be cut to a figure ranging between 900 and 925 million bu. This shows quite an accomplishment in reducing our reserve stocks from the figure of 1,034 million bu that was carried into the last crop. It will also mean that the amount of free wheat carried over will probably be small, and maybe somewhere in the neighborhood of 50 to 60 million bu, or no more than last season. This in itself might be construed as a little bullish except for the fact that CCC has large reserves still on hand and is showing more anxiety to liquidate.

The recent sales to Yugoslavia practically complete the engagements which they had, and it leaves only Turkey as a big potential buyer of possibly 7 cargoes wheat, so that our exports between now and end of the crop season may not be as large as some had believed. Whether Chicago wheat stocks will be cut to an irreducible limit is difficult to say, and the outcome of May wheat is still very uncertain. We do feel, however, that when the next harvest is available, there will be a fairly good reception for the new wheat, and it is also quite possible that the pressure may not be too heavy, because if prices remain low and under the loan level, farmers will not be anxious sellers, and there may be very heavy quantities that are again impounded. This was probably the reason for a higher opening in July wheat this morning, although strength in beans and higher prices for oil affected all commodities on the exchange.

The rye stocks of 12.8 million bu in various positions on April 1st were 46% less than a year earlier and were the smallest since 1953. In spite of this the holdings were about 13% above average. Furthermore, there was more than two-thirds of the off-farm total that was either owned by Commodity Credit Corporation or under government loan. We cannot help feeling that even though imports from Canada may not be restricted, new-crop rye futures have merit, and we advise ownership at about prevailing levels. Total oat stocks of 475 million bu were 27% smaller than the large stocks of a year earlier, which followed the near-record crop. In relation to average holdings on April 1st, they were about one-tenth lower and were the smallest in nine years. There had been cuts in consumption and the disappearance since January 1st was only 310 million bu, which was the smallest for the period in recent years, although near the usual rate in relation to the supply.

There was very little in the statistical news, primaries being a little less than last week and last year, and Kansas City and Minneapolis stocks showed a total decrease of 689,000 bu. However, clearances of wheat and flour for the week amounted to 8 3/4 million bu, bringing the total to-date to 420 million bu vs only 227 1/2 million bu a year ago.

There was some early buying of both May and July wheat by an export house against the business to Yugoslavia, and later when the difference between May and July narrowed to 12 1/2¢ there were takers of old crop both outright and against new, which helped steady the market. Scrip certificates are bringing a better price, and it is still extremely difficult to tell what disposition will be made of the red wheat in Chicago. It seems that the government sold about 270 ~~million b~~ from the Moth Ball Fleet, but this presumably was hard wheat. Therefore, the outcome of the nearby future is still as uncertain as ever. Corn held rather firm in spite of the government report. Beans did not maintain the early morning advance, but nevertheless closed higher.

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CHICAGO MERCANTILE EX.

April 26, 1957

The securities markets had been much more conscious than have the grain markets of the seriousness of conditions in the Middle East. While no one is expecting an actual conflagration, the situation remains very tense, and even though Jordan has not called upon us for help, we have taken precautionary measures of sending our Sixth Fleet into the troubled zone. The young King, fighting for his throne, has told Egypt to leave his country alone, and this is the first real censure of either Egypt or President Nasser publicly. He also assailed Communists again as another cause of his nation's troubles.

Our market was more influenced by conditions immediately concerning grain affairs. There were 2 more wheat cargoes sold overnight to Yugoslavia for the delivery of either red or hard wheat at the option of sellers. However, that country is about completing its purchases here, and it is generally acknowledged that other export orders will be on a smaller scale for the immediate future, although as we have mentioned Turkey will still be in the market for a number of cargoes. Up to now, CCC has been holding its wheat at a fairly high figure, and while possibly half a million bu has been sold from the Moth Ball Fleet, there is still the question whether exporters will have to come to Chicago for their supplies, which makes the future of May wheat extremely uncertain, particularly as the stocks here have already shrunk to a small quantity.

Secretary Benson pointed out that farm foreclosures, which are a partial indication of farm prosperity, are still near the all-time low. In the postwar deflation period of 1947, they had dropped to 1.0 per thousand. This compares with an all-time high in 1932 of 38.8 per thousand. The last available figure is for 1955, the rate then having been 2.3 per thousand, which was still indicative of a fairly good era for agriculture. We know it is true that farm indebtedness has more than doubled during the past decade, but in making this statement without some qualification, it should be realized that farm assets have gone up more rapidly, and that farmers' equities have increased 41% during the past ten years. In the aggregate, total debts equal only 12% of farmers' total assets. Certainly this is more conservative than is the case of homeowners and many business concerns.

CCC sold 346,000 bu corn to exporters overnight, but this too had little effect on the corn market, although there was general liquidation at the opening in all pits. Oil prices, which were lower, influenced beans, but we understand that Congress is expected to get down to work on final passage of the new $1 billion P. L. 480 authorization during the first week in May. The Senate has already approved the plan, and has thrown out Section 304, which would restrict shipments to unfriendly countries.

According to a report of the Quaker Oats Co., dry weather will be needed in Texas and Oklahoma to maintain present favorable winter wheat conditions, as the crop already has a very rank growth. Severe lodging and rust are the worst threats. In discussing the oat plantings they say that the crop which was seeded has gotten up to a good stand and looks fine, but the rains,over the past week-end held up field work throughout the Dakotas and Minnesota, and in that territory the crop is approximately ten days behind normal. Some reduction in acreage appears likely.

When the vieible supply is posted on Monday it will compare with an increase last season of 211,000 bu.

The USDA predicted that cash wheat prices would start declining earlier than usual, but would not slip as low this spring and summer as last year. They also pointed out that the new crop would be adequate for likely domestic needs and exports out of free supplies, but made no provision for the large quantities which might be impounded. Their forecast for a carryover supply of 962 million bu on June 30th may be a little high, particularly if exports keep up. Farm prices usually run about 15¢ lower than the Chicago futures, and on that basis we feel that new crop wheat offers opportunities on the constructive side of the market. May wheat was more quiet today and everything depends on whether the government sells its holdings on a more liberal scale and at attractive prices.

There were very heavy rains over parts of the corn belt, particularly in Illinois and sections of Missouri. This is bound to delay further field work and the planting of corn and beans are apt to be late, particularly in southern sections. This, no doubt, was the reason for some buying in September and November beans, although it may be a little too early to conclude that the harvest of beans will be much delayed, but it is, of course, possible. Old crop beans did not share the advance, but nevertheless closed higher. New crop corn future were stronger, and while Chicago stocks are heavy think the commercial demand from here may reduce the supply.

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CHICAGO, 4

April 29, 1957

World shipments during the current crop season may reach an unprecedented figure of 1,150 million bu. Such an achievement would be 80 million above the previous record of 1,066 million bu that had been exported in 1951-52. The principal factor which made this all possible was the poor 1956 winter wheat crop in Europe, and it was also probable that some of the European countries set up reserve stocks, particularly when they were able to buy from us on basis of foreign currencies or on other favorable terms. The U.S. will probably export somewhere between 475 to 500 million bu, and thus will handle more than 40% of total exports. As a reult our own carryover will be greatly reduced, and according to the last government estimate there will be 75 million bu less wheat on hand July 1, 1957, than was the case the year earlier. They also figure that CCC may own or control all but 100 million bu of this reserve stock, which would compare with 54 million bu free wheat a year earlier and 32 million bu two years earlier. We think they are a little bit too high on their figure with respect to the current season, but time will soon tell, Coming to the next crop-season when we may raise only 850 million bu, USDA believes that while the decline may come a little earlier than usual, the difference between market price and the loan may not be as large because of the operation of the new export program, which has had an over-all effect on raising the price level relative to loan values. During 1955 and 1956, wheat averaged 21¢ below the announced rate for No. 2 hard winter wheat in Kansas City, during July. As the season advances, they feel that prices can be expected to rise as the heavy movement from farms slackens.

We shall have the first estimate of spring wheat production on June 10th. If some increase in the acreage over intentions is assumed for durum as a result of recent legislation, it is altogether possible that spring wheat production may be as high as 190 million bu, which added to the 669 million bu winter wheat crop would give us a total yield of 860 million bu.

There have been some very heavy rains in Texas and Oklahoma. Some feel that this has done sufficient damage to lower the winter wheat estimate, although our own people are of the opinion that the advantages of moisture will probably overcome the adversities, and thus we have to figure on normal conditions from this time forward. The weather map is becoming a little more settled, and while there were very heavy rains over parts of the corn belt, it looks as though clear skies might bring relief during the next 4 or 5 days, which would be helpful, particularly as temperatures are also apt to be a little higher than normal. In some fields it will be difficult to seed corn for another ten days even if no more rain occurs, as there are low spots where water stands high in the fields.

During the past week Chicago wheat stocks decreased nearly 1 million bu, leaving about 3.4 million bu here. This in itself would not have been so very bullish except there was talk that another large decrease might occur during the week, and since mills own between 1 and 1 1/2 million bu here in Chicago and Commodity possibly has 1/2 million, it would leave very little free wheat left in this market for delivery and other purposes. Toward the last there was a run-up in May wheat, although prior to that time it had been pretty much neglected, and was running possibly 12 1/2¢ or so over the July future. Corn stocks here in Chicago increased to 26.8 million bu, and the bean stock increased 172,000 bu, except that this was more than offset by a decrease in afloat stocks. There is now left 2.3 million bu in elevators.

Markets were rather on the weak side during most of the day. All lard futures went into new low ground. Beans were weak on reports that some of the processing plants might close down for a period due to unsatisfactory conversion rates. December corn made a new crop low, and rye prices, were weak, May and July going to new lows on the possibility that there would be up to 1/2 million bu tendered; also the weakness in Canada had some influence here. When May wheat strengthened it had almost no influence in other pits, and there was no general enthusiasm, and we should have a little better weather now over the corn belt following a period of heavy rain.

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CHICAGO, 4 April 30, 1957

Despite the growth in population we find that domestic consumption of wheat during the past five years has decreased by about 90 million bu. The disappearance for food has shown a reduction of 15 million bu, and this probably is due to some extent to diet and the availability of fresh fruits, vegetables, etc., as well as increased consumption of meat. There has been another large cut: namely, in seed requirements, and with the smaller acreages that are being planted, this usage has declined from 87.3 million bu to only 55 million, or a cut of more than 32 million bu. Industrial usage is almost nil, and with the large quantities of feedstuffs very little wheat is going to animals, and in that category the cut from 1951 has amounted to nearly 44 million bu. During the current season, therefore, the government estimates that only 598 million bu will disappear for all domestic requirements. The same is likely for the season ahead, and it is quite a different situation from the war years, when in 1943 we fed 487.9 million bu wheat to animals when there was a tremendous demand for concentrated food owing to the fact that our allies wanted meat. During that period we fed nearly as much of this cereal to animals as we did to human beings. At that time we also had a huge industrial use for wheat in the manufacture of alcohol at a time when synthetics were so much needed, and then we were using 107.5 million bu commercially, which again is quite different from anything that is occurring at the present time. As a matter of fact, in the 1943-44 crop-year, the amount of wheat processed for food, fed to animals, needed for seed and used industrially totaled 1,216 million bu compared to total prospective requirements in the year ahead of only 597 million bu, clearly indicating that we have undergone a great change, although part of this is compensated by the unusually large exports that have taken place, and a figure in excess of 475 million bu for the current season is now becoming a reality.

The USDA in its last booklet on The Wheat Situation calls attention to the fact that:"Larger supplies of 'free' wheat are now needed by the private trade which has taken over a larger share of the export business under the new export program." It may be because of this philosophy that they have decided to release some of our supplies to exporters on a more favorable basis, and we heard late yesterday that prices at the Atlantic were reduced by 3¢ per bu on hard wheat, which made it cheaper than shipping wheat out of Chicago. Whether this will have any influence on those who had been considering sending more wheat from here is difficult to tell at the moment, but in any case May wheat, which had been so strong yesterday, opened weaker this morning. We also heard that Commodity had sold exporters 300,000 bu corn overnight.

The rains in Texas seem to go unabated and the forecast is for more moisture until probably Friday or Saturday of this week. The outlook is also for some moisture in Kansas and Oklahoma, while over the corn belt it will probably remain clear, with slowly rising temperatures. Even with no further rain, it is going to take a considerable period for fields to dry out and nature has certainly brought about a change in weather conditions from what we had a month ago. Texas, in particular, after seven years of drought, seems to be inundated and pictures from many areas show people navigating in boats where previously dust had been blowing.

Primary receipts of wheat amounted to 917,000 bu which compared with 972,000 bu last week, and 1.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 276,000 bu.

Trade was fairly active at the opening, and there was liquidation of May wheat, which continued probably on the report that Commodity had cut its selling price, although we still hear that there may be some wheat ordered out of Chicago. Therefore, the situation, with respect to the May wheat delivery is still quite uncertain. Flour business was almost at a standstill. There were no deliveries in wheat or in beans, and tenders on May corn were about a million bu up to this writing, which was less than had been expected, and this brought a little buying into the market, although December corn at one time equalled the previous season's low. Altogether there was a good deal of weakness in the various pits. All lard and all rye futures went into new low ground. Same was true of May oats. Decemb and March wheat sold at the low prices for the season, and naturally these were discouraging factors. The nearby bean futures were relatively strong, but the deferred months were a little lower. There was narrowing in the spread between May wheat and the new crop futures, and there was some May selling in the pit that look to be for the account of export houses.

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CHICAGO, 4

May 1, 1957

Secretary Benson has called attention to the fact on several occasions that acreage controls can to a degree restrict the output of a particular crop, but by the same token these controls may have very little effect on total farm production. Furthermore, with modern technology acres are no longer an effective limit on agricultural production. As we pointed out yesterday, the feeding of wheat is hardly a factor any more except for cracked grain or wheat of inferior quality, owing to the fact that our production of feed grains has increased to such an extent that wheat is too expensive now to be used for animal consumption, particularly when prices are held artificially high through the medium of our loan program. If our domestic consumption of wheat had held up to the level of what we enjoyed during some of the war years, we would not be in position now of having to export such large quantities to get our house in order. During the current season, we shall probably ship about 475 million bu wheat from this country. While this is almost a record quantity, it should be borne in mind that in three crop years: namely, 1942-43, 1943-44, 1944-45, the domestic disappearance of wheat averaged about 1,050 million bu compared with less than 600 million bu at the present time. Thus there has been a decline of some 450 million bu in home needs as compared with the three war years just mentioned, and while this is about compensatedby the larger exports, we cannot overlook the fact that shipments to Europe and to Asia are very apt to fall off again, as European crops become more normal, and as our foreign aid programs may become more moderately planned. As long as we appropriate billions of dollars to sell abroad based on foreign currencies, everything may be in fairly good shape, but mounting competition from Canada, Australia, and Argentina is likewise a factor. That should not be ignored particularly as technological revolution is the new dimension in world agriculture, and we have no copyright that will prevent other countries from following our pattern. In the ten years prior to World War II, the average wheat crop in this country amounted to only 740 million bu. At that time it was not so necessary to find big outlets, but even with all the acreage controls, Soil Bank, and adverse weather, it looks as though we might raise a wheat crop this season of 860 million bu, all of which demonstrates rather conclusively that we are living in a changing world, and that billion-bushel crops are still possible whenever nature is provident.

Thus the accumulated surpluses that have been built up may decline for a time but there is no definite assurance that they will get back to a normal level within the next few years, although higher incentives under the Soil Bank may finally induce farmers to plant more modestly. This year is really no criterion, as many of the bad acres were taken out of production, and actually the Soil Bank served as an insurance to farmers who knew that much of their land would not be fully productive, and as a result they were only too happy to retire some of the land that had a poor prospect.

The weather pattern was much the same as yesterday, with unsettled conditions Southwest but clear skies over most of the corn belt. The Agriculture Department said that reports reaching them indicated they were over the hump in making corn sales at binsites, and that an official announcement to this effect might be forthcoming before the weekend. This gave us a slightly higher opening in corn, even though CCC had sold 420,000 bu to exporters over-night. Turkey was allocated $3.8 million for the purchase of about 6 cargoes of wheat, shipment by June 29th.

Statistics did not count for much today. The only firmness really was in corn due to the possibility of a lessening tendency on part of CCC to liquidate their country supplies. This brought some short covering intothe market, and also some new investment buying. Nearby bean futures were firm for a time while the deferre were weak, but towards the last there was a little selling, even of May and July, particularly as there was further liquidation in both May rye and in wheat. May wheat was subjected to stop-loss selling, and to liquidation by longs although we hea that there will be a good decrease in Chicago stocks on Monday. Nevertheless, longs are on the defensive for the moment, and appear anxious to even up commitments. Yugoslavia may be in the market this afternoon for some wheat. Turkey may also buy 2 1/2 million bu Atlantic clearance. Two bearish factors in wheat were the closing of a mill at Springfield due to some labor difficulties, and the Administratio plan to make a move within the next ten days in a new drive to lower price support floors. While no one knows exactly what Mr. Benson will urge Congress to do, it is thought he might be considering a remedy with the possible elimination of the 75% of parity price support floor. Oats were also a little lower, but the May future was taken by hedgers who sold July in its place.

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CHICAGO, 4 May 2, 1957

Present Eisenhower plans a concerted drive on behalf of his budget and legislative program. He will apparently go before the American people to explain that we are engaged in a life and death struggle. Our Cold War with Russia, Red China, and international Communism is a war created by their revolutionary goals and expansionist policies. The conditions are just as serious and deadly as a war fought by violent methods. The President realizes that no effort is being spared by our enemies to isolate the U.S. and to undermine its prestige, especially in Asia and in the Middle East. It is a sad commentary, but yet we are told by some military authorities and by the British Government that no adequate defense against nuclear attack exists. If this be true then there is surely no security except the prevention of nuclear war by deterrents on the one hand and by diplomacy on the other. We are reminded again of Winston Churchill's statement made sometime ago that a balance of power, or as he termed it, a balance of terror must be maintained. This is no time for complacency, particularly with the Soviet endeavoring to break down our far-flung system of alliances, and we believe that every thinking man will agree that eternal vigilance and continuous use of intelligent diplomacy are the price of survival today.

As far as markets were concerned, there was considerable news overnight. Late yesterday we learned that Turkey, and Yugoslavia to a smaller extent, had been big buyers of wheat in this country, with about 15 cargoes involved, which meant the sale of about 5 million bu wheat. Strangely enough, there was not much hedge-lifting at the start, although speculators took the news as bullish and markets opened higher. There was some CCC wheat sold to exporters but not nearly enough to cover this big transaction.

Broomhall reported that crop conditions are mostly favorable in Europe, although surface moisture is deficient in a number of countries. It is now warmer in the U. K. following a period of cold weather with scattered rain. It has been too dry in France and the crop in some sections is said to be yellowing. Complaints, however, are only in local areas and the over-all outlook is still favorable, with planted acreage on April 1st somewhat above last year. It is likewise dry in Germany but subsoil moisture is good and the crop situation remains satisfactory. The final acreage to wheat is expected to be 7% above last season. Conditions for wheat are favorable in Italy, and there is a possibility of a record or near-record crop.

Here at home there has been considerable rainfall again over most of the Southwest, including portions of Nebraska, while fair weather prevailed over the corn belt, but temperatures had fallen decidedly over the Central States, and it is now considerably below normal east of the Mississippi River. More showers are expected tonight and Friday Southwest, but weather is not too much of a market influence at the moment except possibly delayed planting for corn and beans in sections of the country where we had excessive rains.

Primary receipts of wheat amounted to a little over 1 million bu, which was about the same as last year and compared with 885,000 bu last week. Kansas City and Minneapolis stocks so far this week show a total decrease of 852,000 bu.

In spite of the large export business that we mentioned having been put throu overnight there was practically no buying of May wheat; in fact, there was some selling of May wheat against July as the difference widened, but some local buying of May wheat. There appeared to be some buying of July wheat, which was probably hedge covering against the sale to Turkey and Yugoslavia.

Secretary Benson pointed out in a letter to Senate Ellender that present legal formulae covering acreage allotment and price supports are proving obsolete. He also characterized our abundance as something that might become permanent. Controls, he said, are not effective in reducing overall agriculatural production, despite severe restrictions. He also pointed out that overall farm production had reached an all-time record, saying that a permanent program which subsidizes production is contrary to our tradition. He suggested that we learn to live with abundan by building up markets. The Soil Bank must be used to reduce accumulated stocks, but should not be allowed to become permanent. He alluded to the farm surplus disposal programs as tending to stimulate production, while at the same time losing markets. Beans were fairly firm, while oil and lard were strong. Searle Grain Co speaking of Canadian moisture reserves, claimed they were 106% of normal versus 88% at this time last year.

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CHICAGO, 4 May 3, 1957.

There is much to think about in the philosophy that has been expressed by Secretary Benson in a letter to Senator Ellender of Louisiana on the important problem arising under existing price-support legislation. There is no reason to believe that legislators will necessarily agree with all the suggestions that have been made, but they can hardly repudiate Mr. Benson's thinking that agricultural policies which have been enacted have failed to bring about satisfactory results, and that if any product is abundant it seems logical to believe that it cannot long be priced as if it were scarce. Certainly we cannot build markets by pricing ourselves out of them. Other things being equal, high prices tend to stimulate production, and the Congress recognized this fact when it enacted the Steagall amendment to stimulate production during World War II. Moreover, price reductions tend to shift production away from the commodity in question toward others, as Congress recognized when it established the criterion for supporting prices on dairy products: namely, that the price be such as to assure an adequate supply. Largely as a consequence of our high price supports, most of the growth in the textile market has gone to foreign cotton production and to man-made fibers at home and abroad.

Shortly after our market opened this morning, Galvin gave us an estimate of winter wheat production, adding 21 million bu to the government figure, indicating a possible crop of 690 million bu. Increases were largely in Missouri, Nebraska, Kansas, and Colorado, while the Central States showed about the same possibilities that had previously been called for in the government figures, with Illinois actually showing a small reduction, and the same for Michigan. Texas, if anything, has gone back, while Oklahoma shows only a small increase as compared with the official estimate, and it may even be that with the excessive rains that are now being experienced in the Southwest, there may be some deterioration due to rank growth, but this may have more effect on quality than on quantity. The freeze damage that we had early in the spring was confined mostly to Oklahoma. The market paid very little attention to the report this morning as everyone had been prepared for some improvement with all the rains that have occurred during April, and in fact, trade generally was very quiet owing to the fact that there was very little commercial business. Enid, Oklahoma, advises that moisture for the first four months were 17.69 inches and the total to 7 A. M. this morning was 21.32, which is abundant proof that nature is apparently averaging out, making up for the dry period that existed last fall and during the winter.

Word came to us from New York that Poland had tentatively accepted the U.S. offer of aid and official announcement of the agreement is expected to be made shortly. Since that country has taken large quantities of wheat from Canada, the purchases here may be more in the line of fats and oils. Yugoslavia is said to need 2 more cargoes, but if the business comes largely from government stocks, it may not have any more effect on the market than did the recent large purchases. Peru has received an allocation of $3.5 million for the purchase of wheat and flour under P.L. #480, and Iceland received $2,785,000 for the purchase of wheat, flour, barley, and oils. During the past week our wheat and flour shipments totaled 7.5 million bu, and since July 1st they have totaled 431.4 million bu vs. 234.3 million a year ago.

Primary receipts of wheat amounted to a little over 1 million bu, and this was not far out of line with both last week and last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1.3 million bu. When the visible supply of wheat is posted on Monday it will compare with a shrinkage last year of 6 1/2 million bu.

Trade in wheat was extremely dull, and there was very little feature, with only a small amount of flour business overnight following a little greater activity yesterday. Weather seems to be a little cool for the season of the year. 80 miles south of here and in that immediate territory heavy rains that fell recently are still delaying field work, but farther to the south farmers probably will be in the fields next week. We note that the Quaker Oats report did not concern itself much with seasonal delays, although there was some local buying today in corn, and the market responded to these purchases. Traders, no doubt, are influenced by the possibility that there still may be lighter offerings in the country on part of CCC, and that there is seldom very much corn moved at a time when wheat starts to market.

The House Agriculture Committee turned down President Eisenhower's plea for authority to barter surplus farm products with Soviet Satellite nations, but this was hardly a market factor. May wheat was little changed.

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CHICAGO, 4

May 6, 1957.

According to Canadian advices, clearances of wheat are now running well below a year ago with the result that congestion is developing at St. Lawrence and eastern lake ports. This in turn is slowing down the movement from lakehead terminals, and means smaller shipments from country elevators. According to Broomhall, there is more discussion in Western Canada and more criticism concerning the government's wheat marketing policy than at any time since the war. While the prejudice against free markets dies hard, nevertheless, some change will eventually have to be made in that country. At the close of the present crop-year, the carryover of wheat will approximate 600 million bu, and with even a modest harvest of 400 to 450 million bu, it will give that country stocks of over a billion bushels. As far as producers are concerned there can be no real prosperity unless export sales are broadened well beyond today's volume. All the blame cannot be placed on the deals made by the U.S., as some of these transactions were with dollar-starved countries, and could only be negotiated either on credit or in local currencies. However, the Canadian farmer has benefited by technological improvements, by better varieties of seed, fertilizers, etc., the same as has taken place in the U.S., and it must be assumed that the average cost of producing a bushel of wheat in the Western Provinces should be relatively lower than it was before the war, and that the prosperity of their provinces would be helped more by broadening foreign outlets at a sacrifice in price than by holding onto the wheat as a matter of principle, and in pursuance of what may well be an outmoded marketing policy.

We should have learned many lessons in this country: first, they cannot dictate prices from Washington; secondly, that it is difficult to control production of agricultural commodities, particularly when Congress will not impose sufficient restrictions to bring about material reductions. We have found that we can price ourselves out of the market, such as we did with cotton and other things, but the main thing we should have learned is that price has a function. As Mr. Charles B. Shuman expresses it: "The principal characteristic of price is change. If it were not for the fact that prices change and that we need this price-change constantly going on, we would not need prices at all." Many economists have pointed out with our growing population, we will finally catch up with ourselves as far as agricultural products are concerned. However, to-date, we have been able to increase the productivity of agriculture more rapidly than population has increased, and if we apply the knowledge we now have to all agricultural production in this country, we could make very great increases in outturn.

Primary receipts of wheat today amounted to 1,920,000 bu vs 1,869,000 bu a week ago and 1,790,000 bu comparable day last year. Chicago wheat stocks decreased 883,000 bu, leaving a balance in this market of 2,512,000 bu. Chicago corn stocks decreased 276,000 bu, leaving 26 1/2 million bu here. Beans also showed a decline; namely 319,000 bu, with stocks remaining in Chicago of about 2 million bu.

Fair weather prevailed in practically all the grain belt areas over the weekend, with the exception of some rains in the Southwest last Friday night. Generally speaking, weather has cleared, slowly rising temperatures are forecast, and it should not be too long before farm work is resumed other than the inundated areas. There seemed to be some evidence of hedging of new wheat, but trade in all pits was extremely light, and new and old futures of wheat all declined about the same amount. Flour sales remain extremely light. The major portion of the export business in wheat is no doubt over, although there may be some still to come. New investment buying does not seem to be attracted to the market, and it will need some change in news to bring markets out of the present rut. It was reported that the CCC sold exporters over the week-end about 454,000 bu of corn. Country offerings are very little and there seems to be a somewhat better demand for elevator corn out of Chicago. Beans followed the general pattern of the market, although oil was rather firm.

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CHICAGO, 4

May 7, 1957

Secretary Benson delivered an address in Chicago last night before the Iowa State Club. He spoke of technological developments which have occurred in this country since 1920, pointing out that crop production per acre has risen more than 25%, while production per breeding unit: that is, per cow, per sow, and per hen on an aggregate basis, has gone up 72%. Moreover, mechanization has released for food production about 80 million acres that formerly were used to grow feed for horses and mules. This is equivalent to an increase of about 23% in our cropland. He called attention also to the fact that land had been taken out of wheat and cotton production, but that this in turn greatly increased cropland available for the production of feed and forage. Through the control program corn acreage is now at the lowest level in 66 years.

In spite of this, we are producing much more corn than we did on the larger acreage before there was hybrid seed and before the soil was fertilized to the extent that it is at the present time. By taking land out of cultivation, the program has provided an opportunity for an expansion in the acreage of competing feed grains, such as barley and sorghum grain. He also pointed out that CCC was faced with special problems and that altogether about 245 million bu of their corn had been involved in a movement, some having been sold locally, including corn from binsites, which was classified as non-storable; some was sold for export. In addition an amount of wheat ranging from 50 to 60 million bu and other small grains have been moved to the Southwest to make more storage available near the corn belt. The result of government planning has been that a great majority of the corn farmers have expressed a willingness to move toward greater freedom of operation and greater reliance on our own marketing system, but yet the law has not changed. Actually more than 61% of the corn farmers who voted in last fall's referendum expressed a preference for greater freedom to plant, coupled with greater flexibility of price supports. However, the law, which required a two-thirds vote to carry, made it necessary to continue a program which the majority of farmers had disapproved.

We heard early this morning that a freak cold snap had hit Europe and that snow had fallen over much of the Continent. This was said to have damaged crops in Britain, France, and Italy. One of our friendsin the East did not believe that damage to grain would be very significant, and that Europeanmarkets were completely lifeless, with all London futures lower, and at the same time French barley continued pressing on the market. Actually the news had very little effect on our opening this morning, particularly since weather at home had turned more favorable and warmer temperatures and clear skies are likely for almost all regions. CCC sold about 215,000 bu corn to exporters overnight, all of it at the Gulf. This had a psychological effect but did not seem to bring any hedges into the pit. We heard that Turkey had purchased a cargo of #2 yellow corn, while India purchased two cargoes of Pacific Coast white wheat, shipment between July 20th and August 14th.

Primary receipts of wheat were quite large and amounted to 1,231,000 bu which compared with 917,000 bu last week, and 1.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 685,000 bu.

There was a large trade today in May wheat; one or two export houses apparently were on the hedging side and appeared to be selling against some wheat that was probably bought from the government in eastern positions. The spread between May and July wheat narrowed to 7 3/4¢ difference temporarily which was the closest that these two futures have been in some time. July wheat held relatively well taking into account the decline in the May future. Flour business, however, was slack, and Broomhall in discussing the cold snap in Europe, believed that crops may have been damaged because wheat has jointed, and winter barley in France was in ear. However, there is very little speculative support coming into the market, and little attention is paid to the fact that July wheat is probably selling at some 10 to 12¢ below the net loan price. Possibly this will have more influence later on if impoundings are heavy and pressure from first hands is small. All rye futures sold at a new low on the crop; the same was true of all wheat futures except May. December corn made a season's low, but the nearby positions held reasonably well. In beans, we had the reverse, the distant months were the strongest, but there was liquidation and selling in the May and July futures, which suffered further setbacks.

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CHICAGO, 4

May8, 1957

Just a month ago we discussed in our letter the wheat surplus problem in Canada and how it might deteriorate even more. Canada by the endof this crop year will have a carryover reserve of 650 million bu or more compared with a 10-year average reserve of 234 million bu (1946-55). This 650 million bu will constitute a new record and will be about two-thirds of the U S carryover, while here in this country we have a population of 170 million while Canada has only about 16 million. The one great error that was made in Canada, apparently, was that they did not take into account technological changes; in other words, the planners assumed that the crops in 1952 and 1953 were bumper, and would not be repeated. In this connection, however, the actual production per acre in the last five out of six years has been well over 20 bu per acre, while the long-term average of wheat in Canada was only 16 bu. Thus, it is quite apparent that a 20% reduction in wheat acreage had little, if any, effect on the total annual production.

The situation in that country is bad to the extent that the Canadian wheat farmer does not yet know what he will receive for the crop that he raised in 1955. In other words, they are that far back in their calculations, while here in the U.S. the wheat grower already knows the support price for his crop that will be grown in 1958. While the Canadian farmer is said to be not entirely dissatisfied with the price, because every other farmer in Canada receives no more nor less than he does, it is a fact that his wheat is bringing more than 50¢ per bu less than the same farmer is getting in North Dakota, just across the border.

The policy in Canada of rigid price has resulted in the loss of overseas markets, and the accumulation of unmanageable surpluses; she has not followed the example of Argentina, where they tried at least to meet American competition, nor have they up to this time resorted to the policy of barter or selling on long-term credit, although we do understand that they may adopt a program somewhat similar to our PL 480 whereby Canadian wheat will be sold abroad based on foreign currency.

On the assumption that the Canadian crop next summer will be about the average of the last seven years, and coupled with a 650 million bu carryover, total supplies in that country would reach a figure of 1,175 million bu, After subtracting 160 million bu for domestic needs, it would still leave them with an exportable surplus in excess of 1 billion bu.

Artificial stimuli do not work anywhere. Last year in this country one out of every three wheat farmers considered it profitable to plant more than his wheat allotment, and did so. More than 100 million bu of wheat were produced on farms which exceeded their allotments. In some cases large producers found the price sufficiently attractive so that they deliberately over-planted their allotments, and paid a penalty of $1.12 per bu. The support levels of the past have encouraged wheat production in areas such as parts of the Western Great Plains, which normally should be in grass. In other words, supports either in Canada or here at levels higher than are merited are costly, Presently we are subsidizing wheat at the rate of about 80¢ per bu in order to reach the world market. The net realized costs of the wheat programs during the past year in the U.S. alone were $530 million --or the highest in history. This compares with gross receipts from wheat marketings last year of $1,742 million.

Primary receipts of wheat were over 1 million bu, or the same as last week compared with 702,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,061,000 bu.

There was a report that U.S. and Poland plan to sign a $100 million Aid Agreement soon if Congress completes action for legislation authorizing the use of more surplus American farm products for foreign aid, Officials hope that such an agreement may be completed within two weeks. Canada would be the loser, but at the same time it would be helpful for exportation of U.S. products. Overnight Israel bought two cargoes of #1 hard winter wheat, while Yugoslavia bought 7,500 tons of #2 hard red or mixed wheat, option of the seller. CCC must have sold 1 million bu of wheat in the East yesterday, and some additional quantities this morning. One of the large export houses sold a good quantity of May wheat, but only after stop losses ran the nearby future up 2¢ above the previous close. May rye was weak but there is the possibility that there may be the same restrictions on imports as last year, and we understand that hearings will be held sometime the latter part of May. Turkey has asked for offers on 22 million pounds of vegetable oil, but this had almost no influence on beans.

Tenders of 100,000 bu of wheat on May contract was ignored. Trade in corn was mostly local. The weather map looks a little more unsettled; moisture Southwest is expected heavier than over the Corn Belt.

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CHICAGO, 4 May 9, 1957

One of the things which has surprised the trade a great deal is the tenacious holding of beans on part of the farmer. There may, of course, be several reasons for this, and probably the chief one is that the amounts impounded by mid-March were still 55 million bu, which was the greatest quantity that had ever been placed under support, and this would compare with only 18.5 million bu on March 15, 1956. Moreover, crushings of soybeans continued at record levels and amounted to 165 million bu for the first six months of this season against only 149 million bu the previous record. On the other hand there were nearly twice as many beans left on farms on April 1st as there were a year ago, and total stocks in all positions for the same date established a new high record of 217 million bu. This was 40 million greater than a year earlier but compared with 124 million bu the ten-year average, all of which seems to indicate that probably for the first time in history, production has caught up pretty well with consumptive requirements. Another factor to be reckoned with is that the price was not altogether satisfactory to farmers, and this April, No. 1 soybeans at Illinois points averaged $2.33 per bu, which compared with $2.85 a year earlier. On the other hand, the national average support rate next season will be dropped to $2.09 per bu as compared with $2.15 for the 1956 crop, and thus there is not much incentive to carry old beans to the next crop, unless, of course, there should be some curtailment in planting activity in the event that farmers are not able to sow as large an acreage as had been previously contemplated.

There are some showers and thunderstorms expected over the Central States and in areas where the previous rains were so heavy this will hinder field operations. However, with good machinery at the disposal of agriculture, it is probably too early yet to become apprehensive over the possibility of shorter acreages due to inclement weather.

Broomhall reported shipments of wheat and flour during the past week had amounted to nearly 7 1/2 million bu, which brings the total to 445 million since July 1st. If shipments during the remaining eight weeks of the season continue as at present, we may reach a total of 500 million bu or more. Last season's exports to May 4th amounted to 243 1/4 million bu, so that in any event this season will probably be the second or third largest shipping year we have ever had. Broomhall's Foreign Crop Summary spoke of unseasonably cold weather in Europe, although not low enough to cause damage. There is, however, the need for warmth and general rains. In France crops continue to show promise with talk of possibly a record wheat harvest. It has also been cold in Western Germany, with hail storms in some sections, but yet grains are mostly fair to good except that rainfall has been rather light recently and moisture now would be welcome.

Since October 1st clearances of corn from the U.S. have amounted to 96 1/4 million bu vs. 67 1/4 million last season. There were reports from Canada that 120,000 bu of their oats were shipped on May 6th to Buffalo.

Primary receipts of wheat amounted to 1,132,000 bu compared to a little over 1 million bu last week and a little over 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of nearly 1 1/2 million bu.

Trade was not at all heavy, but one of the commission houses that had beenprominent on the buying side of May wheat yesterday may have bought a little more this morning against sales of July, and we had some early strength in the nearby future, but the advance did not hold and the close was weak. There were a few more tenders made butnothing of great importance. New-crop wheat futures were rather firm, and it was thought that purchases were made against export sales but destinations were not named. Corn was influenced by the forecast of showers over the Belt, and also the light country offerings. The cash basis was unchanged. The Continent bought a few parcels of corn for October-November shipment. The open interest in May beans is still very large. The market was rather firm today with hardly any offerings from first hands. Rye prices were somewhat higher, and it is stillthought more than likely that there will be an import restriction this coming season, although there is nothing definite yet, and the public hearings may not be announced until the Tariff Commission makes a request to the President, who in turn wouldhave to act favorably upon such action. It does seem most likely, however, that we shall finally import only about as much as we have during the past three years.

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May 10, 1957

There is no further news on rye, but we must still assume that hearings will probably be held within the next two weeks, and that the chances greatly favor an import restriction of about 3.3 million bu, the same as has existed for the last three or four years. Even assuming, however, that we are incorrect in this surmise, we still regard the rye situation as being statistically quite strong. First of all, the government indicated that total stocks on April 1st were cut to 12.8 million bu, which was the smallest amount on hand for that date since 1953. This was likewise a reduction of 10.9 million bu from a year earlier. The disappearance of rye during the first nine months of the season totaled 28.9 million bu, or an increase of 3.6 million over the same period last season. Exports this crop-year were very much larger than last: namely, 8.5 million vs. 2.7 million in the former year, and as a matter of fact total shipments thus far are the largest in over thirty years. The quantity milled for flour and used for alcohol was slightly below last year, but as an offset the quantity that was fed was 1.6 million greater. Altogether we feel that with only a moderate crop in sight, the advantage lies with holders, although there is some likelihood that shipments abroad may be somewhat smaller in the year ahead. Should rye remain at about present levels, we would imagine that impoundings would be very heavy, and as a matter of fact, should not be surprised if possibly half the carryover at the beginning of the next crop-year would be in government hands.

There were very copious rains overnight and there were many sections of the Southwest which reported heavy downfalls, while the same was true of the corn belt. The weather map continues unsettled, and chances are that while there will not be much rain over the spring wheat territory, except for possibly a few scattered showers, the corn belt will receive a considerable amount of precipitation, the heaviest ocurring over the central and southern sections, with temperatures continuing cool and below normal.

In our opinion any additional export business will probably necessitate the buying of July and September wheat, and for that reason, with these futures selling at a considerable discount under the net loan, we feel that conservative purchases can be made at this time. During the present crop-year ending June 30th, we enjoyed a heavy export business, and the total will not differ much from previous high records. There were substantial increases in shipments to India, Pakistan, France, U. K., West Germany, Belgium, Italy, and Turkey, which more than offset the reduced clearances to Egypt and Brazil. Canada on the other hand has suffered and her shipments may be some 40 to 50 million bu smaller than last year. On March 31st, Canada had 831 million bu wheat on hand, which was the largest of record. It is possible that a 7% smaller wheat acreage will be sown, based on March 1st intentions.

Late yesterday, the government reported that a total of 398 million bu corn was under the price support program, and this compared with 366 million bu at the same time a year ago. After this time last season it increased 55 million bu to 421 million. If we assume the same increase this year, the total amount would rise to 453 million bu. More attention this morning was paid to the weather than to the impounding figure, which, after all, was not so very bullish considering last year's big crop.

Primary receipts of wheat were 1,028,000 bu, which was identical to la week and compared with 1,073,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1.6 million bu. The visible supplyon Monday will probably show a heavier decrease than a year ago when it amounted to 2.8 million bu.

Trade was extremely dull. Flour business likewise was running at only a small percentage of capacity, and about the only export business reported was a cargo of wheat to Yugoslavia, so commercial trade in the pit was quiet. There may have been a little evening up before the weekend particularly as the government report is due after the close tonight, but it probably will not show much variation from a private estimate previously given. Spot corn was about the same as yesterday, and the futures market was firm but lagged at times when wheat and beans weakened. Apparently additional wet weather that is expected has failed to stimulate too much activity in the pits, although September beans, which might be influenced by a late harvest, were quite firm and gained considerably upon July. May wheat improved after early weakness.

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CHICAGO, 4 May 13, 1957

After the close of the market on Friday, we had the government report indicating a winter wheat crop of 703 million bu. This stated the condition to May 1st, and according to the present outlook the crop will be about 5% smaller than last year when we raised 735 million bu. It is, however, one-fifth less than the average, despite the 5% improvement during the month. The increases from April 1st prospects were rather general throughout the country, with significant increases in Texas, Colorado, Kansas, and Nebraska. An indicated yield of 22.5 bu per acre for harvest is the highest of record and compares with an average of only 18.6 bu. The estimated 31.2 million acres of winter wheat remaining for harvest is the smallest standing acreage since 1933. Rather sifnificant, we believe, is the fact that in spite of the millions of dollars spent for Soil Bank, the present prospect is for a crop only 32 million bu less wheat than a year ago. As near as we can tell the government paid out to winter wheat farmers about $180 million, and it is very apparent now that onlythe poor land was taken out of production, and that the good acres were left for harvest, which means that it cost the government about $5.50 per bu to try to cut production in a program that was intended to reduce our surplus problem. The winter wheat outcome continues to look more promising as the season develops, although excessive rains in the Southwest drought areas have caused floods and lowland damage along some rivers, but also added new possibilities to crop outcome over wide areas. Pastures over the nation look the best for May 1st in five years, while hay stocks on farms estimated at over 17 1/2 million tons are 7% more than last year and 13% more than average.

The Soil Bank has not brought about the beneficial results that its backers had hoped to attain. As a matter of fact, almost every farm program during the past 25 years has been a failure. As Mr. Charles B. Shuman, President of the American Farm Bureau Federation, points out, not all politicians have learned this lesson, but, nevertheless, it is apparent that we cannot control production of agricultural commodities by law, and he believes that farmers are learning more and more that price has a function. He feels that rather than attempting to control production, we must look to expand consumer demand at home and abroad through education, promotion, and increased international trade. This means that we must move away from continued dependence upon an all-powerful federal government for the determination of price and production patterns in agriculture. This farm leader is convinced that American farmers in general are making the right decision; that decision is that there must be freedom of opportunity for the individual, which is more to be desired than political promises of equal shares in a socialistic economy based on security.

The government indicated condition of rye at 88%, which compared with 80% last year and 86%, the ten-year average. The better condition is probably offset by the smaller sown acreage as compared with last year but chances are we shall have a crop at least as large as the last one when 21.5 million bu was harvested.

Chicago wheat stocks decreased 156,000 bu, which was less than during the past three weeks, but the total is now reduced to 2,356,000 bu, and considering that a good portion is either government wheat or owned by mills it does not leave much for tenders in a big market like this. Nevertheless May wheat was relatively weaker today than the new crop futures. During the session we heard reports that wheat was lodging in Kansas due to the heavy rains, and this did bring some buying into the deferred futures, which closed higher. Corn stocks increased 84,000 bu to 26.6 million bu. Oats decreased 272,000 bu, but there is only about 1 million bu here in Chicago. Rye stocks decreased to a little over 1 million bu. In beans there was little change, and Chicago stocks are around the 2 million bu mark.

Trade was not heavy at all, but there was some buying of corn with the cash premium holding pretty well. There was also some spreading, hedgers taking the July and selling the more distant future. December corn gained some friends, probably due to the weather which is wet, and it will be quite a while yet before farmers can get back into the fields. Beans are not generally planted until after corn is sown but there was very little apprehension except that September beans were a little stronger than other months. The fact that oil was somewhat lower probably had some influence on the May and July beans, which at one time were fairly weak, but these deliveries recovered before the close, although closed slightly lower than on Friday. Flour demand over the weekend continued disappointing.

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CHICAGO 4

May 14, 1957

The Administration has placed increasing emphasis not only on a gradual reduction in the level of price supports, but has also embarked on a huge program for curtailing production in an effort to solve the surplus crop situation. As we see it, the Soil Bank has kept good acreage in production but has driven poor land into reserve. The government payments for holding this acreage out of production will approximate $468 million this year, or an average of about $26 per acre. Had the program started earlier, it might have grown to even larger proportions. The $26 per acre that the government is paying may not seem like too big an incentive to farmers except that some of the land which was not too fertile or too productive might have been purchased for $100 per acre even at inflated land values, and this certainly would have been cheaper in the long run.

We read in a trade paper that some figures had been obtained from USDA on the number employed in the administration of the Soil Bank. For the combined Acreage and Conservation Reserve Programs, they said that 15,420 people were employed, mostly in the field, and that next year it would increase to 16,087. Should this be correct, it would mean that in addition to the Congressional approval that has been obtained for payments up to $750 million in the current year, salaries to employees might amount to an additional $80 million on the assumption that each person received an income of $5,000. While undoubtedly the program has accomplished some reduction in acreage, still the potential production of winter wheat is fairly large, and it now looks as though we would raise within 32 million bu of the 1956 crop even though many acres had been retired. Altogether planted acreage of 59 crops will approximate 333.8 million acres for 1957, which would be the smallest sown acreage since 1939, and would represent a reduction of about 6% from the average of the preceding ten years. The big question arises as to whether the accomplishments are worth the effort and expense, and whether we are not building up another large bureaucracy of controls and restrictions, which is distasteful even to farmers.

There was rather heavy rainfall again overnight, although not much in Texas, but Kansas, Nebraska, and portions of the Northwest had precipitation, and it spread also to nearly all parts of the corn belt. The weather map is still unsettled in the central states, and this will further delay corn planting, and later the sowing of beans but not too much attention was paid to this factor. We understand from CCC today that they are likely to offer soybeans shortly after the loan expiration period, or during the forepart of June. Chicago Office will handle Iowa and most of the eastern portions of the country.

The Tariff Commission began an investigation to determine whether imports of rye after June 30th would interfere with the government's price support program, and we understand a hearing will be held June 3rd. This had been pretty much expected, and did not materially influence trade in rye. CCC sold 48,000 bu #3 yellow corn to exporters, and there was good country movement of soybeans in the Northwest yesterday, while it also showed some improvement in Illinois, which together with lower prices for oil gave us a weaker opening in beans. 150,000 bu of oats cleared from Canada for Buffalo, which brings the total since opening of navigation to 1.3 million bu.

The President will address the nation tonight over radio and television on behalf of his budget program. The Director of the Budget has publicly stated that for the fiscal year ended June 30, 1959, the budget would be 15% higher and there is considerable opposition to the various spending programs.

Primary receipts of wheat were 923,000 bu, which was smaller than last week when they amounted to 1,231,000 bu, and last year they were 1,234,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 247,000 bu.

Trade was rather quiet, but an export house sold May wheat and apparently there are still purchases being made from government holdings in the East. However, new-crop futures were rather firm, and although it is clearing in Kansas, there may have been some damage from lodging, as a good deal of the wheat was down, and the final outcome is difficult to tell at this early date. Corn was barely steady, and no doubt plantings will progress as soon as weather permits, so that even though late, chances of weed development may be reduced and germination may still be rapid owing to the wet soil. One-half cargo of new crop beans were sold to West Germany, but beans were rather reactionary, and with a little more country selling buyers seem to be somewhat discouraged.

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CHICAGO, 4

May 15, 1957

Marvin L. McLain, Assistant Secretary of Agriculture, stated yesterday that the flexible price support system for farm crops was oversold when it was enacted in 1954 because its weaknesses were not clearly recognized. "The basic philosophy of the system is a wrong philosophy," he admitted, and made it clear that he was referring to the automatic escalator clause in the law which raises the price support level when crop surpluses decline, thus encouraging more production and lower supports in times of oversupply with the idea of discouraging production and encouraging consumption. He was in favor of maintaining price floors to prevent sharp breaks in prices, but also admitted that in the final analysis it would be the better farmer who would stay in business. These failrues are very late in being recognized.

This writer was a member of a Committee in 1948, when the Chicago Board of Trade and the Kansas City Board of Trade tried to point out to certain politicians what should be done for agriculture in the public interest. A forensic was prepared and distributed to some prominent legislators. We attempted nine years ago to stress certain dangers, both economic and political, which were then inherent in the current commodity support program. In the pamphlet then submitted, we sounded some warnings, a few of which are repeated here:"We call your attention to the fact that the commodity support program was conceived and started in a time of reduced agricultural income. It was designed to provide, among other things, reasonable loans to carry the farmer over until such time as his products would increase in value to a point that would yield him a better return. That concept, however, has been completely abandoned..... There can be no dispute concerning the proposition that when government non-recourse loans on commodities are unrealistic and too high, ownership of the commodities will pass to the government by default. The failure or refusal to recognize this inescapable truth has resulted in the disastrous failure of many price-raising schemes. As surpluses pyramid they must of necessity exert a depressing influence on the prices of current crops. When surpluses are stockpiled by the government and withheld from commercial channels, the situation becomes worse and worse because prospective purchasers know that it is merely a question of time until the inevitable liquidation of such surpluses must take place. This is true, if for no other reason, because the time will finally come when there is no elevator or warehouse space left to house new crops because these facilities will have been exhausted by the surplus crops in the possession of the government."

Looking back it seems unfortunate that there was so little regard for the advices given by men in the trade who had spent almost their entire life in the study of these problems, and who apparently recognized the dire consequences of trying to force prices higher through artificial stimuli. We warned at that time that as grain men we had every reason to desire that producers should receive the highest possible price for their products, but pointed out: "The market may not be tampered with for the purpose of obtaining artificially high prices without injury in the end to the producer himself, and without detriment to the general welfare." We repeat-- this was all in 1948.

The Kansas Weekly Crop Report states that during the past week crops made generally good growth, and field activities made rapid progress where soils were dry enough to work. Development of wheat was about a week behind the usual date. The Illinois report points out that plowing for corn and beans was the #1 job on most Illinois farms last week, but progress is delayed in many areas by showers. Only about 75% of the ground has been turned, nearly all the oat crop is in the ground about three weeks later than last year. While the Iowa report states that prior to state-wide precipitation over the weekend cornplanting moved rapidly ahead, and as of Monday approximately half of the acreage was planted. One message received fromWichita, Kans., stated that in Sedgwick county and surrounding territory, there was quite a little wheat and barley down, but not nearly as serious as had been anticipated. The plant was still green and full of sap. The opinion was that most of it will come back with a few days of sunshine. We also received somemessages showing great dissatisfaction on part of farmers in plowing up land and more opposition seems to be growing against marketing quotas.

Early liquidation in May wheat led to weakness in other futures, although May recovered and finished higher. Generally speaking, there was a liquidating type of market today, which also applied to corn. Beans were under pressure with oils very weak.

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May 16, 1957

Late yesterday the House voted to end payment to farmers for the Acreage Reserve portion of the Soil Bank, beginning in 1958. This portion of the plan is the major part of the Soil Bank Program, and it remains to be seen whether the Senate will follow suit. As we pointed out a few days ago, it is not only the $500 to $600 million which is being paid to farmers to reduce acreage, but there are also salaries of some $80 million paid to field workers and other administrative officials, not to speak of other expenses such as rent, typing, calculating machines, etc. that are used in the general administration of the law. There also seems to be amove toward adopting a two-price system, which is also known to some as the Domestic Parity Plan. In any case adoption of such a program would cut down considerably controls and restrictions on farmers, while at the same time would make for a free, open, and competitive market again, so that everyone would know what the real value of wheat or any commodity would be on basis of supply and demand factors. As it is today, even with the payment of subsidies, we have no idea what world values should properly be because many of the other surplus countries base their prices more or less on artificial factors that prevail here. It would be a much simpler program to administer for the reason that on that portion of wheat domestically consumed, a subsidy payment would be made directly to the farmer, and it would thus cut out so much of the red tape which presently exists.

At the moment we are consuming domestically for food about 483 million bu wheat, but we are also using 55 million bu for seed, and are feeding approximately 60 million bu, so that in the latter two categories, it would not make too much difference whether wheat prices were high or low, except possibly the amount fed would vary according to competitive prices of other grains. Altogether we can thus figure that our domestic disappearance amounts to about 600 million bu. If we assume that farmers elect to raise more than this quantity, they would under a two-price system only be protected on that portion of the grain which is used for domestic food. Even now they get no subsidy on that portion, which is seeded or used for feed. In the year ahead we may raise a crop of 900 million bu. That would mean that the farmer would receive full parity for about two-thirds of what he raised. At present he is only getting a percentage of parity on the portion which he places under loan, while in turn we have to subsidize exports at an additional expense to bring wheat down to a competitive level. All these things are costly, wasteful, and confusing. Controls interfere with the normal course of commercial transactions, while the impounding program is also very costly in building up surpluses so that the government spends about a million dollars a day for storage alone, not to speak of the thousands of employees who work in the Department at an additional expense.

We have found several times in our national history that any system of excessive commodity loans with inevitable surpluses could only lead to a completely managed economy. It took us several years to pay the full penalty for violating all economic and commercial laws in withholding our wheat surpluses from export channels following the Farm Board Era, and more recently the agricultural program has fallen down, and admittedly by Mr. Benson himself, it hasfailed to perform its function because of the gluts that have been established. Mr. Benson has recently stated that he wants lower supports in order that crops will move to market instead of to warehouses.

Excessive rainfall accompanied by tornadoes and heavy thunderstorms were reported over portions of Kansas, Oklahoma, and the Texas Panhandle. Enid had nearly 10 inches of rain since early yesterday morning, and other spots in the state reported even more, showing a widespread condition of major concern. It will take weeks for some of this land to dry out. In parts of Kansas they had 2 3/4 inches rain in some localities, and a radio broadcast spoke of the possibility of flooding between Wichita and Hutchinson.

This had moderate influence on our markets although May wheat was strong, and at Kansas City their May future gained 4¢ with millers apparently apprehensive as in any event harvesting operations are bound to be delayed. Wheat and flour shipments for the week were nearly 8 1/2 million bu, bringing the total to nearly 466 million bu, and it now appears that total clearances will be considerably larger than earlier expected and might even exceed 500 million bu. Rye was strong with the May future moving up the most. There were good rallies in beans after the May future made a new season's low. Lard and oil prices recovered and corn was strong with the December future firmer than other months, undoubtedly due to wet weather and the prospect for more rain in central and southern sections of the belt.

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CHICAGO, 4 May 17, 1957

It is still too early to evaluate the amount of damage that has been sustained by crops in the Southwest, although certainly in sections it has been disastrous, particularly where whole sections of states were deluged by unprecedented rains, which have caused floods and property damage. Certainly where the rain has overflowed there is a chance that the large sections of the wheat will be lost. We also hear of quite large areas where the plant has been blown down , but at this time no one seems to know for sure whether it will come up again with dry weather, but in any case we must now be prepared for heavy losses. These excessive rains which occurred again last night fell mostly in Kansas and over the corn belt, but they extended in a northeasterly direction through Missouri, Illinois, Ohio, and even went as far west as Iowa, although not much moisture has fallen nor is expected in the spring wheat belt. Damage from hail was of a rather minor nature, and this is the one element of weather against which farmers can insure. However, many counties were submerged in water and in addition to crop damage, there were reports of loss of life, property destruction, and what also made it bad was that phone service was disrupted, and we are unable to get complete reports.

Under these circumstances, it was quite natural that our market should open higher this morning, although beans were a little reactionary, probably influenced by moderate deliveries after the close yesterday, and a lower oil market this morning, but this seemed to have more influence on the nearby months than on the deferred. The latter were more affected by rain although it should be pointed out that if planting delays in corn are too severe and farmers cannot get their crops in the ground, a good deal of land may be turned over to beans, and thus this commodity may not be as much influenced by adverse weather as some of the other crops. More specifically, Ardmore, Oklahoma, had 6.68 inches rain during the past 12 hours, while at Independence, Kansas, there had been a cloudburst with 8 inches rain reported in the surrounding territory. It was said that the Verdigras river bank was full this morning, and from Oklahoma City it was said that the southern portion of the state had rains up to 6 inches up to last night. In some instances, National Guardsmen were called out, and altogether it is a most unfortunate situation, which certainly in some sections presents an alarming picture. Adding to the trouble is the fact that moderate to heavy rain is expected again over the week-end in the Southwest, with cool temperatures, while rains will probably continue over the corn belt. The 5-day outlook is also one of comparative pessimism, particularly after the heavy amounts of rain which have already fallen.

Otherwise, there was not too much grain news overnight. Secretary Benson has issued warnings that the overthrow of the Soil Bank Program would simply make surpluses pile up still further rather than diminish, and others seem to agree that we should not be required to make hasty decisions before the record of 1957 has been written. The Secretary did feel that he should be given broad discretion to reduce both price supports and planting controls, and apparently he will submit a legislative draft of his new long-range farm policy plans during this session of Congres Lawmakers have been complaining that thus far his proposals have been too general. One thing is certain, and that is, that an entirely new approach is needed to cope with farm problems, but in any case it is hardly possible that legislators will approve lowering of supports to destructive levels even though present props under certain formulas have brought about our present difficulties. Mr. Benson stressed that he does not intend to scrap farm programs and return farmers to the unrestrictive forces of the free market. He insisted that they cannot be expected to extricate themselves without help from a situation which is a national responsibility.

All markets were more quiet than the day before, and there was little attention paid to statistics. So far this week Kansas City and Minneapolis stocks show a total decrease of 959,000 bu, and when the visible supply is posted on Monday it will compare with last year's decrease of nearly 5 million bu.

Our wheat futures were strongest at and after the opening, and later showed some decline due to the indifference at Kansas City, although their May wheat was still firm as a result of short covering. May wheat here was sparsely traded, and the open interest is still 5 million bu less today's decline, with only two more trading sessions. Flour business was practically at a standstill. There was a little buying of beans that may have been against export sales, but the May delivery was reasonably weak on small liquidating transactions. Corn was lower after a firm start. There is some corn being shipped out of Chicago and commercial demand is reasonably good.

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CHICAGO, 4, May 20, 1957

Farm exports in the first nine months of this fiscal year were up approximately 50% from the corresponding period a year ago. Major gains in the exports of cotton and wheat, plus larger shipments of oilseeds and vegetable oils, accounted for this increase. However, only limited progress is being made in reducing CCC stocks. At the end of March government inventories totaled $8.2 billion, about $0.5 billion below the year earlier figure, and while the over-all reduction has principally occurred in wheat and cotton, total stocks of feedgrains are at a record level, 3 to 4% above a year ago. Major factors accounting for the record volume of exports, included pricing cotton at competitive world levels, a poor 1956 wheat crop in Europe, and expanded government export programs. Over two-fifths of the 1956-57 exports are expected to be shipped under government donation, loans, barter, or foreigncurrency sales. In looking ahead it is doubtful whether present levels of exports could be maintained without seriously disrupting world trade. In addition the recent spurt in exports reflects to some extent the accumulation of commodity inventories abroad, and the fulfillment of earlier commitments under the various export programs. Consequently, further reductions in government surpluses may have to come primarily from expanded domestic outlets or production cutbacks.

Additional pricing details of the sales policy on soybeans that may be acquired by CCC after May 31st this year have been announced. The minimum sales price will be the market price but not less than the 1956 basic loan rate for No. 2 beans in store at point of production, plus 5¢ per bu and plus 1 1/2¢ per bu carrying charges for each month or fraction of a month beginning June 1, 1957. For the first time in history CCC is likely tocome into ownership of a sizeable quantity of beans through defaulted loans, and this fact plus the announced sale program, gives the buyer for domestic processing or export shipment quite complete information on the availability and price of government supplies between June and September. Consequently, since the buyer knows he can purchase government stocks at a predetermined price during this period, there does not seem to be much in prospect that would stimulate the price of beans between now and the time when new-crop supplies become available.

There was heavy rainfall over the weekend in portions of west Texas, with light to moderate rains over Kansas, also moderate to heavy rainfall was general over the Corn Belt. Reports from some of our downstate offices stated that the heavy weekend rains were quite serious in regard to early beans that might otherwise be ready for September delivery. Insofar as corn planting is concerned fields are still wet, and it is thought that it will take about a week or more before any concentrated field work can be resumed.

CCC has announced loans for 1957 crop wheat, all based on the minimum national average of $2.00 a bu on farms. Terminal rates are 1 to 3¢ above a year ago, reflecting allowance for higher freight rates. The loan for #1 wheat, basis Chicago, will be $2.32, or 1¢ higher than last year. The Kansas City loan is the same as Chicago, while Minneapolis will be $2.37 for #1 hard ordinary protein, or 2¢ higher than a year ago. Galveston rate for #1 is $2.49, or 3¢ higher than last year. There was some buying of new crop wheat on the theory that the heavy rain Southwest may ultimately result in some damage to the crop, but until harvest actually takes place it will be difficult to determine whether or not yields will be reduced from what has been previously estimated. In export circles it was reported that Israel had purchased one cargo of soybeans for last half November shipment, and that India is asking for offers of West Coast wheat. It was also reported that CCC had sold exporters 100,000 bu #3 yellow corn, track Atlantic. According to The Southwestern Miller extremely small amounts of flour are being sold; strengthening cost the last few days have tended to slow business, and buyers' ideas are quite far below mill levels. The present prospect is for a continued lull in trade until nearer actual harvest.

Chicago stocks of wheat decreased 113,000 bu during the past week, leaving 2,243,000 bu in this market. Local corn stocks increased 358,000 bu, givin us total supplies here of approximately 27 million bu. Stocks of beans increased 208,000 bu, making 2 1/4 million bu in this market. Primary receipts of wheat wer 1.8 million bu, approximately the same as last week and last year. So far this wee stocks of wheat at Minneapolis and Kansas City have decreased 83,000 bu.

Tomorrow is the final day of trading in May contracts and the open interest in both beans and wheat is still quite large.

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CHICAGO, 4 May 21, 1957.

It is impossible at this date to try to evaluate what the winter wheat crop may be in view of the unusual weather that has prevailed during the past two weeks. The last winter wheat estimate of 703 million bu on May 1st was only 4% smaller than the 735 million bu 1956 crop, all of which was rather conclusive evidence that, despite the Soil Bank operations, farmers had kept their best land in production and had only retired the poorer acres. Since that time there has been almost persistent rain in manyof the southwestern areas, including early wheat sections of Texas and Oklahoma, where ordinarily cutting operations would be taking place the latter part of May or early June. In talking to some of our friends in those areas they tell us that while some of the fields have been improved by moisture, others have definitely been damaged but chances are if we had only a moderate amount of precipitation the Oklahoma yield might have improved since the government report figures were issued but devastating rains have surely taken a certain toll, and we hear some figures that would tend to indicate that instead of 60 to 62 million bu, the crop may have possibly been cut in that state to 50 million. It will take a little time yet before anything more definite can be stated.

Meanwhile, we continue to wind up the current crop-year with very heavy exports, aided by barter operations, private export handling, and the heavy shipments that are being made under P L 480. For example, exports in the latter category totaled 30 million bu during April, and allof this has had its effect upon Canada, where we understand great pessimism exists, and they are finding it extremely difficult tomeet our competition although it is quite possible that they may on a smaller scale initiate a similar program in an effort to stay in the field. Since the P L 480 program began, there has been nearly 208 million bu wheat and flour shipped, for which we have accepted foreign money, and chances are that we have very little use for same, although as we pointed out once, it is cheaper to store this money than grain. Inasmuch as the surplus problem was of paramount importance the government feels that this is an effective vehicle for getting wheat out of the country. Agreements had been signed for the eventual delivery of 446 million bu wheat and flour, of which 284 million had been signed for since the beginning of the present crop season.

There was not much moisture overnight in the winter wheat states, but the corn belt had some additional rains, and our friends in the Northwest were also heartened by moisture that extended to the Red River districts, which previously had been deficient. General optimism is expressed in the Northwest, although there are still a few areas in the West that need moisture, although we would not be surprised if they are being benefited at this time. There are some scattered showers and thunderstorms likewise for the Southwest, but mostly in the central and eastern districts, with warmer temperatures by tomorrow. Over the corn belt it is still unsettled, and planting operations are being further delayed. We heard that exporters had purchased overnight about 190,000 bu CCC corn, but judging from some conversations that this writer has had with CCC officials, they seem to be over the hump and we doubt whether pressure from that source will be heavy in the weeks ahead.

Primary receipts of wheat amounted to 1.1 million bu compared with 923,000 bu last week and 977,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 44,000 bu.

Today was the last session for trading in May contracts, and going in this morning there was more than 4 million bu of May wheat stillopen and about 6 1/4 million bu of beans, the bulk of which had to be settled in the pit due to the small stocks of tenderable quantities here in Chicago. There was no great excitement in wheat except that May was liquidated and apparently even with the small stocks that are left here, demand is not particularly keen. The large export orders have about been satisfied and flour demand was again inactive overnight. Corn was without much feature of any kind. We heard from a number of places that weather was not at all propitious, but apparently not too much attention is being paid to the late plantings, although there was some firmness to the market, but no large volume. May beans were rather dull until the last two or three minutes of trade, but then shot up rather suddenly as shorts tried to cover. A good many people apparently waited until the last minute to even up their commitments. This naturally had a firming tendency also on some of the other bean futures. Surprisingly enough, the reports from parts of the Southwest where the rains had been heaviest are not taken too seriously with respect to deterioration, and up to now there has been very little apprehension.

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CHICAGO, 4 May 22, 1957

The expiration of May contracts yesterday caused some flurries the last few minutes of trade in May wheat and in May beans, but due to the rather large open interest and small tenderable supplies in this market it simply forced traders to even-up in the pit, so that buying and selling orders had to be satisfied during a matter of minutes, and there was not much time for argument or hesitation. However, all this had very little effect upon our market this morning when more attention was devoted to supply and demand factors of the future.

Secretary Benson spoke at Purdue University yesterday morning, and we quote a few of his observations, although we cannot agree with all of his conclusions. We are in accord with the following statement, however: "In nation after nation, we have seen government move in more and more on the production and marketing of farm commodities. The role of farmers themselves in managing their affairs and making their own economic decisions has been minimized. There is grave danger to the private enterprise system in this steady encroachment of government programs." In another part of his talk he made this comment: "We are competing against other nations in world trade. But our aim is, always, friendly competition-- fair competition. As a general policy, farm products in world trade must be permitted to compete, regardless of their origin. This is the only principle on which we can operate with impartial fairness both to our own producers and our foreign customers.... Quantitative restrictions are the most formidable trade barriers in existence."

We doubt very much whether Canada would be in accord with these thoughts. First of all, we are operating our export program very heavily under P. L. 480, taking foreign currencies in all cases where buyers are unable to furnish dollar exchange, and thus we have stepped up our exports of wheat very materially during the current season, much of which has been at the expense of our neighbor to the North, whose wheat shipments have fallen off materially, and as a result they feel a certain antagonism owing to the fact that they are now faced with the largest wheat carryover reserve they have ever had. Also, with respect to quantitative restrictions, which Mr. Benson believes are such formidable trade barriers, we can only call attention to the fact that for the 4th or 5th successive year, we shall probably have a limitation on the imports of rye, which affects Canada more than any other country, and thus aggravates them, particularly as they are the largest individual importers of American agricultural products. We ship them citrus and other fruits, as well as fresh vegetables, also we export to them vegetable oils and fats, soybeans, corn, and cotton. We have placed restrictions upon many of their agricultural products, such as wheat and rye because of our artificial support program that is feared would be damaged if we permitted a free commercial trade. Mr. Benson also recommended that several European nations might move more into a common market, so that the passage of goods would flow more evenly, as it does in this country across our 48 states without barriers of any kind. This he believes would be a sound and far-reaching advance, and that if a genuine common market is established, it would add much to the economic strength of the European community. Since we ourselves do not set an example of this nature, there is some doubt that we can advocate it to those who are presently isolating themselves from the competition of agriculture in some of the nearby countries, even though it might very well be in their own self-interest to do so.

Primary receipts of wheat were 876,000 bu, which was a little more than last week, but a little less than last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 49,000 bu.

There was some wheat export business overnight to Israel and to Spain, which apparently took some hedges out of the pit, and this gave us firmness early, while later attention was paid to the Kansas Weekly Crop Report, which spoke of heavy rains last week which had caused considerable lodging of wheat and other small grains. Comments from Oklahoma are not too bad, and many advices indicate that wheat which had lodged badly after the recent torrential rains were now showing an excellent stand. Overnight weather was a little more favorable, although conditions are still somewhat unsettled. Not much attention was paid to the late planting of corn. In Nebraska, for instance, only about one-fifth has been planted, while a year ago about one-half the crop was in. In Illinois, hardly more than one-fifth has been planted, and field work is the slowest in 12 years. There is, of course, the one good state; namely, Iowa, where about 55% has been planted compared to 68% average and 78% as of this date last year. Beans were somewhat lower, and trade was not particularly heavy. UHLMANN GRAIN CO.

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CHICAGO, 4

May 23, 1957

The overnight weather was not too bad but the map is still unsettled and scattered showers are expected tonight and Friday, which might be heavy in certain localities. All this, of course, brings up the question as to how late the regular varieties of corn can be planted and still make a crop. At best, we are not going to have a large acreage this season. The downward trend of the past 25 years has been accelerated to some degree by the Soil Bank Program, and through April 5th, farmers had signed agreements placing 5.3 million acres of corn under the Acreage Reserve Program. The heaviest participation is in western sections of the corn belt.

Over-all, it looks as though there would be only about 74 million acres if the intended corn plantings are accomplished, and this would be a third below the all-time high reported in the 30's, and actually would bring corn plantings to the level that we had in the 1880's, but, of course, at that time they did not have the hybrid varieties. It is interesting to note that an agronomist at the University of Illinois is urging farmers to seed their regular adapted hybrids, despite delayed planting. He points out that tests at Urbana have shown that yields hold up well even if corn goes into the ground by May27th, and explains that even after that date regular hybrids have yielded more than earlier hybrid planted at the same time. In his opinion farmers risk a greater chance of smaller yields if they get impatient and shift to short-season varieties which always yield less. In spite of this we hear that around the Bloomington area and probably elsewhere, there is a shift to the shorter maturities. It will probably be the first of the week before fields are workable, and this also is apt to have some effect on the seeding of beans. Oats do not have a good color and in fact, the crop outlook generally is not very promising. One thing, however, seems to be certain: namely, that with modern machinery and the help that farmers can get, everything will be hastened in an effort to get crops in the ground.

We heard that CCC had sold exporters 745,000 bu corn overnight, but this had very little influence except that there was some hedging in July but apparently more offsets in the way of purchases in the deferred months. The USDA now calculates that we shall have a carryover in corn of 1,450 million bu. This would be an increase of 285 million bu over the previous season. Last year we had a corn yield of 3,451 million bu, so that even if we raised only a crop this coming year of 3,166 million bu, we might not have to dig into any of the accumulations. The oat carryover is estimated at 225 million bu vs. 345 million bu last season, but feed grains generally should not be in poor supply with the large crop of sorghums in prospect, and also hay and forage looking so well. USDA also expects the price of corn to continue lower than last year during the next few months, believing that other feed grains, particularly barley and sorghums will decline seasonally this summer, if growing weather favors these crops.

In Canada, we understand that seeding operations are now making excellent progress. Completion is said to range from 40 to 100% in Manitoba, 75% in Saskatchewan, and near completion in most parts of Alberta. Moisture conditions have been generally adequate for germination, but rains would be welcome in many areas to replenish surface supplies, particularly in Alberta.

Primary receipts of wheat were 828,000 bu which compared with 773,000 bu last week, and a little over 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 87,000 bu.

During the fore part of the session everything was extremely quiet. There had been a little July wheat sold in the pit, which was regarded as a hedge against some government wheat sold to an exporter, and later on we heard that the quantities may have been fairly large. In any case, there was considerable liquidation and wheat was the weakest of all cereals, being rather vulnerable. When it was reported that CCC had sold exporters three cargoes via the Atlantic the decline was quite rapid and wheat futures made new season's lows this morning, which naturally had someinfluence on other grains, although weather was an influence in the new buying that came into corn, oats, and beans. A commission house here in Chicago was a good seller in all pits, although sales were mostly in wheat and beans which ran the market into stops. Flour demand continued very slow, and the wheat market really gave a very poor account of itself, although on theextreme break there seemed to be a little better support. Outside markets did not decline as much as we did.

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CHICAGO, 4

May 24, 1957

About a week before the end of each month, USDA publishes a pamphlet called DEMAND AND PRICE SITUATION. In this review they discuss agricultural exports, farm income, and general price trends. Late yesterday in this monthly bulletin they called attention to the fact that free supplies of wheat from last summer's crop were expected to be sufficient to take care of over-all needs before the new crop becomes available. Additionalsupplies to meet export sales could be drawn, they said, from CCC supplies with subsidy payment-in-kind certificates. As a result the seasonal decline in cash prices from old-crop levels, is expected to continue until the marketing of the new crop, and they figure that the low for winter wheat probably will be reached in late June or early July, while the low for spring will probably occur later. However, they go on to say that prices are likely to rise as the season advances and the heavy movement from farms slackens. In their prognosis they figure that even with the improvement in winter wheat, based on the May 1st forecast, and taking average production for the spring wheat areas, there may not be quite sufficient quantities to cover domestic disappearance, plus exports, so that a further reduction in the carryover by July 1, 1958, is very likely.

No mention is made of the strong possibility that large quantities will again be impounded in the season ahead. This certainly could prove to be an important factor if wheat remains below the loan level, thus discouraging heavy selling of wheat after the next harvest. In this official report they predict that on July 1, 1957, the carryover may be cut by about 85 million bu below the 1,033 million bu that was on hand last July. They also think that CCC may own or control all but approximately 75 to 100 million bu compared with only 54 million bu free wheat a year earlier. We doubt whether they have taken into account the larger export clearances which in our opinion will make their estimate look somewhat high, and it is our own view that the amount of free wheat a month from now will be hardly larger than it was in 1956. In any case, it was this report, plus the government selling of wheat to exporters that has given us the recent weakness in the market, and a good many traders have become discouraged. All wheat futures sold at new lows this morning.

The overnight weather was mostly good and about the only heavy rains fell over Texas, but there is still an unsettled map, and the chances are that rains will visit the corn belt again by Sunday. Based on the 5-day outlook there may be some moisture again by Wednesday of next week. It is still showery in the Southwest, and in some localities fair amounts of rain are likely. CCC sold exporters about 300,000 bu corn overnight and likewise there was an early report that Israel was negotiating for 2 cargoes one hard wheat via the Atlantic, while offers have been submitted to Spain on 2 cargoes #2 red wheat, via the Gulf and Atlantic.

Primary receipts of wheat were only 765,000 today, while a week ago and a year ago they were slightly over the million bu mark. Kansas City and Minneapolis stocks so far this week show a net decrease of 260,000 bu. When the visible supply is posted on Monday it will compare with a decrease last season of 3 1/2 million bu.

Markets were again fairly active, and the carryover feeling from yesterday was bearish in wheat, which for a time affected other grains and beans, but there was some support in beans when the market declined about 1¢ per bu. Apparently this was enough to bring about a rally, so that net changes were not very great. There is no particular pressure at the moment, and undoubtedly there was some evening up prior to the weekend in the event that we should get some heavy rains over the Corn Belt again. There is some wheat export business in the offing, but nothing occurred today to give the wheat market much guidance except further liquidation. Heavy selling on part of the government was lacking, and there were no hedges taken out of the pit against expected business to Israel and Spain. There seems to be a rather discouraged feeling in wheat, but we still believe that if prices stay down there will be a pretty good demand for the first arrivals. The fact that milling demand is so quiet now indicates the likelihood that bakers are waiting for the new crop. Corn prices were slightly lower, but trade in that pit was rather light, and we note that yesterday only about half as much corn was traded as wheat. Rye was also quite weak, and there was no special feature, although some selling in sympathy with the leading cereal.

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CHICAGO, 4 May 27, 1957

There was a considerable amount of moisture Southwest, and rains also fell over portions of the corn belt since Saturday, with the heaviest over the Dallas-Fort Worth area, where as much as 10 inches were reported. This coming on top of the previous precipitation naturally did more harm than good. Nevertheless, the outlook now is a little more cheerful, and it looks as though we might have a spell of better weather over the corn states. We have asked our various Illinois offices what the situation was with respect to planting, and it seems that over wide areas over half the fields have not been touched and in places water is still standing so that it will take some sunshine and clear skies to permit farmers to get their corn and beans in the ground, although there are a few places where the land is well drained that will permit earlier resumption of operations. All farmers are now praying for a few days of dry weather, which would naturally put them in better shape so that they can get crops planted.

The feed situation generally is bearish, provided, of course, that we will get a moderate corn crop again this season. Based on present indications the total carryover of feed grains into 1957-58 from this year's big supply will be around 6 million tons over the record of 45 million tons carried over into 1956-57. Moisture has certainly done one thing: namely, to improve the condition of pastures and hay, and we learned recently that prospects for forage crops were much better on May 1st this year than they were a year ago. Condition of pastures at that time averaged 85% of normal as compared with 68% a year earlier. Pastures and ranges were greatly improved in the Great Plains and Southwest by recent rains, and the emergency disaster areas have been materially reduced since last winter. The supply of high protein feeds available for feeding more than doubled in the past two decades, principally as a result of the sharp increase in soybean meal production. Soybean meal, which was of very minor importance prior to World War II, now makes up over half the total tonnage of high protein feeds. This year soybean meal will rank next to corn and oats in total tonnage of the individual grains and concentrates fed to livestock.

World supplies of wheat for export and carryover in the four major exporting countries: namely, the U. S., Canada, Argentina, and Australia, totaled 1,936 million bu or 109 million less than a year earlier and 27 million less than two years ago. The billion-dollar, one-year extension of P. L. 480 has been given a green light by House action by the House Rules Committee. This decision, which sends the measure to the House for debate, should probably be moving along, shortly, and despite some compromises it will probably be enacted into law before long.

The wheat market opened fractionally lower and the carryover feeling was still one of discouragement, with prices hovering around the low levels of the season. Nevertheless, we still feel that if prices remain this far below the loan level, impoundings will be heavy, which in the final analysis might give us better markets than we are enjoying at the present time. It will be interesting to see how the government appraises the winter wheat crop when the June figures are released. The results of excessive rains are rather difficult to evaluate.

Chicago wheat stocks declined 316,000 bu during the week, with the total just under the 2 million bu mark. Since some of this wheat is owned by mills and some represents government holdings, it is quite obvious that we have to build up our reserves when the new wheat is harvested. Corn stocks declined 675,000 bu to 26.3 million bu, and the oat stock here in Chicago only showing a small decline, dropped to less than 800,000 bu. Rye is in much the same position, except that 200,000 bu are here in boats. Bean stocks increased a little to 2.4 million bu.

It was a day of liquidation right through the list. Corn probably had the largest decline. July and September made new lows. The December future was under pressure due to better weather and reports from the country were not too pessimistic. It is true that wet soil conditions have held up planting, but with larger supplies of sub-soil moisture, the Baldwin Elevator Co. states that the crop will not be so dependent on heavy rainfall this July and August, as it has been in other years. They also point out that if planting is delayed too long the reduced corn acreage will go into soybeans. Flour demand was again very poor over the weekend but there were no surprises on this score as flour buyers seem to be in a rather hesitant mood. Rye made lows and was down with wheat; there is a discouraged feeling although we still believe that with a sharply reduced carryover reserve that statistics favor a long position, but it may take time until confidence is restored. Most bean futures went to crop lows. All markets rallied toward the close.

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CHICAGO, 4

May 28, 1957

U. S. farm exports this fiscal year are rising to a record level and will probably amount to $4 1/2 billion which, if attained, would be a billion above 1955-56. This is the fourth successive year of increase. We had, of course, certain benefits due to misfortunes abroad and the fact that European crops turned out badly last summer gave us greater opportunities for export. Besides this we bartered, we sold on basis of foreign currencies, we gave away, and we used virtually every device in an effort to reduce our surpluses. During the past four years nearly $9 billion worth of farm surplus has been moved out of stocks and into use, and in the past year alone, a billion dollars worth of farm surpluses has been bartered for strategic foreign materials and other defense needs. We sold our agricultural products to 31 foreign countries, taking their currency. These were the so-called friendly nations and they were short of dollars. Our agricultural attaches, together with marketing specialists, promoted this business, but yet we are convinced that in the crop-year ahead our wheat shipments will drop off particularly if we get more normal harvests in Europe. Nevertheless, it will be the first time in five or six years that when the export business starts at the beginnigg of the crop-year, grain will be furnished out of the free supply, and with the exception of last year, when the new export program was inaugurated about September 4th, we had only domestic consumptive needs to fill. As long as the government furnished the wheat for export from its accumulated holdings, there were only the mills, the processors, and the elevators who wanted wheat; thus it was difficult to get much market response under such conditions. We believe, however, that with comparatively small wheat crops in Texas, Oklahoma, and Kansas, and probably large quantities that will be impounded, there will be a different situation next July and August from that which we have experienced in past seasons.

News from Canada is rather optimistic and seeding operations are progressing excellently, with the season as much as two weeks ahead of last year. The early seeded crops have come through the ground in some of the regions by mid-May although seeding has been backward in eastern Manitoba, northeastern Saskatchewan and in the far north of Alberta. On the other hand moisture conditions are quite satisfactory for germination, although rain would benefit some districts where reserves were on the low side. The bulk of Canada's grain is spring-sown, and in some years late seeding is a distinct disadvantage, particularly if the crop is late or overcome by frost. Only about 5% of their total wheat is sown in winter, although 70 to 75% of the small rye crop is winter-sown, while everything else, including flax, barley, oats, etc., must go into the ground during the spring months and with comparative speed.

The Australian wheat acreage will be considerably above the very small acreage seeded in 1956, but should still show a marked decline compared with the 5-year average when 12.7 million acres were planted. This year the forecasts are that 9 to 10 million acres will be devoted to wheat, but production prospects are not promising, as it has been abnormally dry throughout the summer and early autumn months over most of the wheat areas.

Primary receipts of wheat today amounted to 887,000 bu which compared with 1.1 million bu last week and about the same last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 75,000 bu.

Trade turned rather dull following the activity of yesterday, and it seems that liquidation in wheat has been pretty thorough, but on the other hand we are not getting much investment buying; consequently, there is no real strength. There was, however, a little buying right after the opening in all pits, probably due to an agreement expected to be completed between Poland and our government, which would provide them with $100 million to buy surpluses in this country. The Senate has already approved the measure, and it is expected that the House will take similar action. Under the terms, Communist Poland would likely buy $80 million worth of surplus farm products from here, chiefly wheat and cotton. The balance of the loan might be used for other purposes.

New-crop bean futures were more or less neglected, but there was some buying of old months, and this widened the difference between the two. Weather seems to be somewhat better, and it is not considered likely that showers over the corn belt will amount to much, except possibly in the northern sections. Corn was firm, but there was no particular feature. Government sales to exporters were rather light overnight, and country selling showed no signs of expanding. Flour business shows no sign of pick-up, even after the sharp break in the wheat market that we have had recently.

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CHICAGO, 4

May 29, 1957

If consumers continue their present eating habits for the balance of the year, and allowing for seasonal adjustments, food will cost on an average $427 for every person in this country, or an increase of 3% over the year before. If people were eating the same quantity and types of food as they did in the prewar years, 1935-39, they would spend only $273, all of which indicates that they are eating better now than ever before. There has been quite a shift in types, as for example, consumers now buy more meat, fruits, and vegetables, and other comparatively expensive products, while at the same time they are eating less of cereals, potatoes, and other cheaper foods. They are also buying more marketing services in the form of meals in restaurants and convenience foods, which are specially packaged for easy preparation at home.

Before our market opened there was, of course, the weather to consider. There had been some rather heavy rains in parts of the Southwest covering Kansas, Missouri, and portions of Iowa, but elsewhere it was mostly fair. Temperatures, however, have risen generally, and it is now close to normal for this season of the year. The forecast suggests that we shall have some scattered showers tonight and probably Thursday in spring wheat districts and more showers and thunderstorms Southwest, while over the corn belt there should not be too much moisture, although some showers are likely this afternoon in Iowa. There may also be some light rainfall in the states eastward by tomorrow.

Mr. Benson is seeking authority to eliminate price supports on basic crops. These proposals have been made to the Chairman of the House Agriculture Committee. He would like authority to use his own discretion, but if this is not feasible, he would like minimum supports lowered to 60% of parity as against the present 75%. This may have had something to do with lower markets this morning, although corn was undoubtedly influenced by heavy CCC sales to exporters, with July corn selling at a season's low soon after the market opened. We heard that a steamer had left Chicago late yesterday for Canada carrying 255,000 bu soybeans, while Canada had cleared 362,000 bu rye, which is destined for Chicago. We asked for confirmation of gossip that Canada had sold rye to Poland, but were told that they did not believe any business had been done although offers had been made. Canadian wheat shipments generally are running far below last season. The overseas clearances of all grain last week totaled only 5 1/2 million bu compared with 12 1/2 million in 1956. In Western Canada weather continues mostly settled and need for rain is becoming more apparent for quite a large area.

Primary receipts of wheat amounted to 861,000 bu, with Peoria missing. This compared with 876,000 bu last week, and a holiday last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 105,000 bu.

Markets were very dull again prior to the holiday, and it seems that new buying in wheat is at a low ebb. Many discouraged longs who liquidated earlier seem to be standing on the sidelines, but the fact of the matter is that if impoundings are as heavy as we believe they may be, and with short crops Southwest, together with export business coming largely out of the free supply, we may have an entirely different market a little later on. By the same token, we feel that finally a good many hedges against cash wheat will go into March, which should reflect more the lowering of the support next season. We advocate this spread of buying new December wheat against sales of March, not only with that view in mind but also because we believe that by next December the pressure from the country may be very light. Beans were quite indifferent today, and despite some shipments from here to Canada, the May delivery seemed to be somewhat easier, but the deferred months responded a little to a late weather forecast, which was a little stronger than the earlier one, favoring rains in the bean and corn areas. December corn was influenced first by weakness in July and September futures, but later rallied a little on a rather moderate volume of trade.

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CHICAGO, 4

May 31, 1957

Late Wednesday, the government published parity prices for the month of May, and wheat advanced 1¢ per bu to $2.51, while corn was up a cent to $1.82. There were no changes for oats, rye, or soybeans. This had little or no effect or our market this morning, although it is worth mentioning that the family living index went to a new all-time high in mid-May. There was a rather substantial rise in food prices, together with smaller increases for building materials and household furnishings. Moderate increases were again recorded for farm machinery and prices in this field averaged about 6% higher than a year earlier. There were some offsets with prices for motor supplies somewhat lower and also declines in feed prices; likewise prices paid by farmers for clothing declined slightly.

Before our market opened this morning, we heard of the very heavy rains which occurred again in the Fort Worth, Texas, area, and besides this there were moderate to heavy rains over many parts of Kansas, Salina reporting more than 2 1/2inches with wheat badly down. The moisture over the corn belt was more moderate, and this was about the way it had been expected based on Wednesday's forecasts. From all we gather corn weather in Iowa is about perfect. In downstate Illinois it is somewhat mixed. They had a drizzle last night at Gilman, but this did not prevent planting operations from continuing, and they tell us that a good deal of land will be planted in the next few days if weather permits. Elsewhere farmers were working on high spots wherever they could, and around the Decatur areas approximately 30% of the corn is in the ground. However, 10 to 20% of the fields had not even been plowed yet; so there can be little doubt that this is a very late season. Father to the south at Springfield there is land where water is still standing, but a good many farmers were working in the fields yesterday discing soil and making preparation for planting.

In spite of all this corn opened very little changed and the whole tenor of the market seemed to be on the easy side, although no big volume of trade nor any pronounced pressure. CCC sold exporters about 300,000 bu corn overnight and this had more influence on the July future than on the deferred. Scattered showers are likely tonight and Saturday over the corn belt, probably clearing by Sunday and temperatures will also be a little below normal. In the Southwest heavy thundershowers are expected over the week-end and it is difficult to tell what damage, if any, has occurred to wheat, although none of the reports we received are particularly alarming as to the over-all results.

Broomhall now reports that wheat and flour shipments for the week ended May 25th were 8.1 million bu, and since July 1st they have totaled nearly 489 million bu compared with 278 1/2 million a year ago. Thus it looks as though the season's total might be well over the half-billion bu mark and, indeed, it might set a new record for all-time. Since many of the government calculations were based on smaller shipments, we must also assume now that the quantity of free wheat in the carryover reserve will be cut, and as we have been predicting for several weeks there may not be more wheat in this category than last year when there was about 53 million bu. Furthermore, new wheat is moving somewhat later than usual but still there is no apprehension being expressed in the marketplace, and many traders who liquidated during the past two or three weeks have not seen fit to buy back their commitments, so that we are having rather dull markets.

The primary movement of wheat amounted to 1,269,000 bu which compared to 756,000 bu last week and 826,000 bu a year ago. Kansas City and Minneapolis stocks so far this week show a net increase of 27,000 bu. When the visible supply is posted on Monday it will compare with a decrease last year of 1.8 million bu.

Trade was largely of a holiday character, and while wheat was weak at times there seemed to be a slightly better undertone, and there are more damage reports being circulated due to the excessive moisture, particularly in Texas. Flour business is slow, and there is not much new in the export field, except that Spain is being discussed as a potential buyer. During the session there were rains reported in central and southern parts of Illinois, and this caused some short covering in December corn, although the market was rather quiet, and we believe that volume of trade was again light, as it had been on Wednesday. Beans did very little. There seemed to be a little selling of November on rallies, and also some spreading at 3¢ difference between November and January. Otherwise little feature. The government believes that soybean crushings of 320 million bu, plus exports of 80 million, are likely on this crop. After making allowance for seed and some new beans that were used last September, they estimate a carryover of between 15 and 30 million bu for next October. Rye was strong both here and at Winnipeg on hope of Polish business.

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June 3, 1957

Broomhall has paid the U. S. Government a great compliment, and believes that in spite of considerable criticism because of our export sales policy under P. L. #480, it has been an effective medium for reducing their surpluses, He calls attention to the fact that we are enabled to give our wheat away or sell it on very attractive terms, but by the same token believes that we almost had to do it because of our wheat problem. Therefore, we should have left no stone unturned in order to achieve our aim in cutting the accumulations. He said that the present export policy is unquestionably paying good dividends, as is well illustrated by the magnitude of shipments so far this season. The majority of countries that have taken wheat would no doubt have found themselves utterly incapable of finding dollars with which to buy; consequently, they would have been faced with the alternative either of reducing their purchases considerably or in extreme cases of not buying at all. As a result the policy adopted has done much good in the sense that it has enabled unwanted wheat to be sent to places where it has been greatly needed. In the coming season there can be little doubt that we shall have to satisfy ourselves with smaller export clearances.

Nobody can be sure what the attitude will be in Canada if another large crop is raised in that country, but it is even likely that the Wheat Board will have to drop its idea with respect to price levels if surpluses keep building up. Little account is taken of Russia as an exporter, although she is offering new-crop wheat but the quantities involved are always problematical. If she is able to export 3 million tons it naturally follows that some other country will lose that amount of trade. Moreover, France is now regarded as a formidable competitor, not only in Europe but also, in ex-European countries. USDA points out that the 1957 French wheat production is expected to set a record. Current trade forecasts indicate a crop of more than 400 million bu, which contrasts with the very small harvest of about 240 million bu last year. Should the crop be as large as expected, France may return to the rank of exporter, which would reverse last year's marketing year in which she had to take wheat from surplus nations. The year before last she shipped nearly 100 million bu, and under present prospects it seems likely that she may be able to ship anywhere from 75 to 110 million bu, which would, of course, change conditions in Europe to quite an extent.

Overnight weather was not too satisfactory as persistent rains in Texas Oklahoma, and parts of Kansas are surely not wanted. It was, however, clearer over the corn belt, although there were some areas that had more rain. The Baldwin Elevator Company feels that for the state of Illinois as a whole 75% of the corn acreage has been planted, Some farmers, they believe, are switching to 90-day corn, and if this is the case yields may not be as high as when the regular hybrid seeds are used. Soybeans are also going into the ground as fast as the seedbeds can be prepared. For the state they estimate that 35% of the crop has been planted CCC sold exporters 600,000 bu corn overnight, which was a depressing influence on our market.

Chicago wheat stocks decrease 179,000 bu, which leaves only 1 3/4 million bu here in Chicago, and certainly not much wheat considering that most of it is in concentrated hands. In spite of this the market today was weak, and new lows on the crop were established for old December wheat and for March wheat, with very little support coming in, particularly as the milling demand was again extremely quiet. Corn stocks decreased 565,000 bu, and there are some shipments being made out of Chicago, although the total stock is still 25 3/4 million bu, of which probably half is in government hands. Oat stocks here locally showed very little change while rye decreased 97,000 bu. However, we heard that some Canadian rye is headed for this market. Beans increased 418,000 bu, and now total 2.8 million bu. There was a crop low today for November beans, and with better weather over the Belt there seemed to be a bearish tenor to the market. July beans were sold by an elevator house against purchases of September, and many people regard July as still representing a high price compared to later months. In corn, there were new croplows for July and September, also some pressure on December, and the combination of continued government selling and improved weather were the main factors today. Tomorrow we shall have a private estimate on the production of winter wheat, also an estimate for spring wheat and rye.

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CHICAGO, 4 June 4, 1957

The winter wheat crop was estimated this morning at 722.3 million bu by Galvin, which compared with the last government forecast of 703.2 million bu, indicating that despite the excessive rain Southwest the yield had improved, and as usual rains helped more than they harmed. Even in the state of Texas the likely loss will be only about 3 million bu, which is not very much considering that bridges have washed away and that many thousands of acres of farm land were inundated. In Oklahoma, there was actually an increase of 2 million bu in the prospective crop, while Kansas was upped about 8 million bu, and Nebraska nearly 8 1/2 million, indicating that moisture revived some of the wheat which had not been in such good condition a month ago. For the Central States where red wheat is grown, there were small losses all along the line. In Michigan, the crop showed almost the same outlook as it did thirty days ago, but there was a moderate decrease in prospects for Ohio and small losses for both Illinois and Indiana. Altogether the total wheat crop, taking into account spring wheat, which is now estimated at 217.5 million bu, would give us a grand total of nearly 940 million bu. This would actually be more than was raised in 1955 when the acreage was a good deal larger, and would be only 37 million bu less than was raised last summer when we had what was considered a very satisfactory yield. It is obvious, therefore, to everyone that the Soil Bank has had very little influence on the over-all situation, and again we point out that farmers in using their heads as well as their land have taken the poorer acreage out of production while leaving the best fields for harvest. Thus the millions of dollars spent for acreage cuts seem to be in vain.

The oat crop, which by the same source was estimated at 1,244 million bu, shows the effects of adverse weather, but at the same time it is still a better yield than was obtained last year when the crop turned out poorly and when only 1,152 million bu was raised. The average oat crop in this country for the last ten years has amounted to 1,327 million bu; thus a cut of 83 million bu compared with the normal is not too important, except that our carryover reserve will be somewhat smaller due to last year's poor crop. On the other hand, feed grains generally should be plentiful, particularly hay and forage, which are bound to benefit from the extensive rainfall that we had during the spring months.

It must, of course, be admitted that due to wet soil conditions, both the corn and soybean crops have been delayed, but by the same token a few days of nice weather in Illinois have speeded up field work to such an extent that it may not take long now for the balance of the crop to be planted.

Weather was quite satisfactory over the central states and clear skies are promised, which is all to the good, but weather conditions are still unsettled in the Southwest and some showers are expected in eastern and southern sections of Kansas, also for Oklahoma and Texas.

The CCC was again a very heavy seller of corn and for the second day in a row, old-crop futures established season's lows.

Primary receipts of wheat amounted to 811,000 bu which compared with 887,000 bu last week, and 1,083,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 149,000 bu.

Lowest prices in wheat were made right after the private report was issued; after that there was some local covering, probably on the theory that the improved crop news was all known, but on basis of the figures now on hand we shall have more than enough wheat to take care of both domestic usage and exports, and the strength that may come later will have to come from the fact that large quantities may be impounded. That will all take time, and likewise, it will even be a while yet before we make inroads into our surpluses. During the course of the trading session December corn made a crop low, and this cereal had considerable difficulty in recovering much, probably because reports from downstate were on the optimistic side, and it is believed that within the next four or five days planting operations will about be finished. Oats, likewise, were under local pressure, although there was commission house buying on resting orders. It is figured that a pact between our country and Poland may soon be signed, and that this will have some constructive value. The main feature in beans was buying of July by a processor, which had little influence on other months, but it/still felt that a very large crop is in prospect. Flour demand is still very dull, and there is no encouragement coming from that source. Winnipeg July rye was weak and made a crop low.

UHLMANN GRAIN CO.

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CHICAGO, 4 June 5, 1957

The government has been claiming for some time that the best deal for Commodity Credit Corporation is to sell domestic crops which it bought at support levels for dollars, but at lower competitive world market prices on overseas trade. Being unable to accomplish this, the next best thing is to transact business to dollar-poor countries on basis of their own currencies. When that fails, which it has in many instances, barter methods were adopted, and as a matter of fact, the latter program has grown to a point now where it has displaced some of the markets overseas for the two more profitable programs. During the first five years of bartering, only about $100 million of business was put through, but by the end of the current fiscal 1957, it looks as though more than $400 million of business would be done. There was a surprise maneuver in the House late yesterday which blocked for at laast another week action on a bill that would continue for one year the Agriculture Department's Overseas Surplus Disposal Program, better known as P.L. 480. There are some technicalities involved, and it looks as though the House would finally approve the measure overwhelmingly when it comes up for final action. The delay, even though temporary, had its influence first on the oil market this morning, which later affected soybeans as well. Then there was also a good deal of debate that centered on the proposed loan agreement with Poland, with the opponents contending that the U.S. should not trade with Communist nations.

Yesterday's upturn and much of the short-covering was due not only to the general belief that wheat had a sharp decline and might be due for a rally, but also to the possibility that about 18 million bu wheat might finally be shipped to Poland. Thus we had a somewhat lower market right after the opening.

Broomhall reported that there is a growing need for good rains over parts of the European Continent and also in the U. K. The effects of dryness have not yet proved serious but some deterioration has been noted in areas, and it is thought that if relief does not come soon complaints may become more numerous. There were some refreshing rains overnight in the U. K. but they were totally inadequate. Rain is also needed in Western Germany and dryness is causing growing concern in that country, but on the other hand Spain and Portugal had some beneficial moisture. The partial rains that fell in Australia and which we reported recently were not general enough to bring about much relief, and there are still wide areas that appear to be suffering. Heavy rains last week in Argentina caused some flooding but on the whole the moisture was favorable for the germination of wheat. After the experience we had in this country with excessive moisture, we cannot be too alarmed over that situation. Here at home weather was mostly clear overnight except for some heavy showers in the Dallas-Fort Worth area, which has already had far too much rain during recent weeks. There is some chance of rains occurring by tomorrow over southern sections of the corn belt, and it is still unsettled in the Southwest, with the likelihood of additional thundershowers over many parts of Texas, Oklahoma, and Kansas. Even though there were onlylight drizzles in some sections of northern Texas, the harvest is being held up and generally speaking the movement is quite a little later than usual.

We did hear that 50,000 bu wheat from Alabama had been sold to a local mill here in Chicago and that further quantities might be worked if these arrivals were of satisfactory quality. We also heard of a little wheat from Arkansas coming to Chicago, which is a rather unusual move but at best quantities must be insignificant.

Primary receipts of wheat amounted to only 644,000 bu; this compared with 861,000 bu last week, and 937,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 296,000 bu.

Flour bookings are still small, but wheat prices after a moderate decline recovered with May the strongest. The government was again a large seller of corn to exporters overnight, but there was no pronounced weakness, and the decline was short-lived. The state reports are not particularly optimistic, and there was some talk of late seedings in a number of states due to the wet soil conditions. This refers to beans, as well as to corn. The one exception probably is Iowa, where 95% of the corn is already in the ground. In that state about 2/3rds of the soybean planting is also finished. Beans were quite weak early due to conditions which we have mentioned earlier in this letter, but the nearby deliveries met with some support on breaks, and there were moderate recoveries. Rye prices

were higher, and it looks very much as though imports would be restricted to 3.3 million bu when the Tariff Commission finally acts. UHLMANN GRAIN CO.

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CHICAGO, 4 June 6, 1957

"Our rulers will best promote the improvement of the people by strictly confining themselves to their own legitimate duties-- by leaving capital to find its most lucrative course, commodities their fair price, industry and intelligence their natural reward, idleness and folly their natural punishment-- by maintaining peace, by defending property, by diminishing the price of law, and by observing strict economy in every department of the state. Let the government do this-- the people will assuredly do the rest." Lord Macaulay.

Before our market opened this morning, there was not much to guide it. Weather had been mostly fair over the country with the exception of the Fort Worth-Dallas area, where further rains had fallen, and as far as we can judge the planting of corn and beans is making pretty rapid progress in almost all sections. On the other hand, the weather map is still somewhat unsettled, and chances are that rains will fall over the southwestern states and moisture is also likely for central and southern portions of the corn belt, but all this had very little influence, and at the opening this morning prices were a shade lower, There were also some good rains in southern Alberta and some showers in northern Saskatchewan, which will be welcome. As far as our own Northwest is concerned, crop conditions are still quite favorable, but there are many districts that could use rain. We heard that CCC had sold exporters a total of 780,000 bu corn at both Atlantic and Gulf ports, and despite their statement some weeks ago that selling at bin sites was over the hump, we still are confronted with this liquidation, which is only natural inview of the fact that there is probably more corn in government hands than ever before in history. It now looks as though the P. L. 480 program would probably receive a billion-dollar appropriation to sell farm products for foreign currencies, although it may be next week before this is all put through. The House Rules Committee voted to ban future parliamentary moves to shelve this bill and there are certain technical questions arising, which has brought about a delay in final consideration.

Other news from Washington told of the Senate Appropriations Committee voting to keep the heart of the Soil Bank alive beyond this crop-year. They voted to place a $500-million limitation on the amount of contracts the Agriculture Department could enter into under the Acreage Reserve with farmers on the 1958 crops. The Sub-Committee also tacked on an amendment that individual payments would be limited to $5,000 to any one farmer. Nobody seems too enthusiastic ab about Soil Bank any more but many claim that it is better than nothing.

There were some more state reports forthcoming this morning, and the Oklahoma wheat prospects are said to vary from excellent in some western areas to very poor in eastern counties. Rust is widespread in some grain fields over the state and heavy rains have contributed to additional loss in wheat prospects. On the other hand, nobody feels that the government report next Monday will vary a great deal from the figures of the private report. Winnipeg advises that Wednesday's clearances from the lakehead included 122,000 bu rye shipped to Chicago and 365,000 bu oats to Buffalo.

Primary receipts of wheat amounted to 897,000 bu, a week ago was a holiday, and receipts last year were 996,000 bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 437,000 bu.

Trade was not particularly good, but markets generally were heavy, and there seems to be no enthusiasm to buy anything yet. July oats made a new low for the season and the same was true of all corn futures. Planting operations have progressed pretty rapidly and even though it has been a late season, it seems to be generally felt that the feed grain situation is bearish and that on top of everything else we shall finally have a large sorghum crop. There was a little better flour demand but nothing too important.

Weather in southwestern Oklahoma is a little better. With no more rain, harvest should start over the weekend, and in fact, a little cutting is being reported today in northern Texas. Beans were weak and it is thought that CCC might offer some of their holdings for sale tomorrow. Processors are likely to pay about 6 under TCS for such beans, which would be a few cents higher than the government permissible selling price. Deferred bean futures went into new low ground.

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CHICAGO, 4 **June 7, 1957**

We have heard the expression before that it is time for a change. Probably this is truer of our agricultural programs today than ever before in history. Those who have been charged with the administration of agriculture seem to sense this just as much as the farmers themselves. The Assistant Secretary of Agriculture, Mr. Earl L. Butz, who was formerly Professor of Agricultural Economics at one of our great universities, stated a few days ago that:"Governmental programs are, for the most part, proving themselves ineffective in holding down surplus production. More and more people in agriculture are thinking of what they themselves cando to improve the balance between supply and demand, instead of relying so heavily on government to do it for them." This authority points out that the excess supply burdens markets, depresses prices, and backs up either inthe hands of producers or in government warehouses. Secretary Benson feels precisely the same, and in a speech last night said that:"The great error of recent years has been the attempt to put nearly all our farm problems into the price support and acreage allotment basket-- a basket neither big enough for the job nor designed to carry the load." Mr. Benson feels that the proposed solutions of 25 years ago cannot set the pattern for modern-day agriculture any more than they can set the pattern for modern-day industry-- or modern day labor. He emphasized one fact above all: namely, that the basic rigid price support formula in the old law is directly contradictory to the objective of an expanding, prosperous, and free agriculture.

Before our market opened this morning weather forecasts were for unsettled conditions over most of the grain belt. Thundershowers are likely not only in the Southwest, but for the corn states as well. We have had a period of clear skies that has enabled the planting of corn and beans and this activity has nearly been completed, thus there were no important changes at the opening this morning although temperatures will be somewhat lower than normal for this time of year, and a period of warm weather would be more than welcome, so that the crops which have been planted late are able to catch up. Germination should be rapid as the soil is wet but below normal temperatures may retard early growth.

According to Broomhall, U.S. wheat and flour shipments during the past week were a little smaller but yet amounted to 5.7 million bu. From the beginning of the crop-year until end of May, they have totaled 498.4 million bu, so that in the remaining 4 1/3 weeks we could ship an additional 20 to 25 million bu, which would bbring the total for the season to nearly 525 million. This would be a new record for all-time and would exceed even the heavy shipments made during the post-war period when a previous high was 506 million bu. Encouraging as this may be, we must be realistic in looking to the future, knowing full well that export clearances in the season ahead may drop very materially from the present high level. France has recovered agriculturally and will probably become an exporter this year, while last season they took grain from other nations. France must find an export outlet in order to halt trade deficits that have been building up. During January and February of this year, her imports reached record levels, while exports dropped. Some of the imports during that period were due to the accumulated backlog brought about by the Suez crisis, but, nevertheless, it adversely influenced the internal economy of that country. These continuing deficits, according to the U.S. Embassy in Paris have contributed to the strain on France's economic position.

The primary receipts of wheat today were a little heavier at 1,051,000 bu which compared with 1,268,000 bu last week and 804,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 787,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage last year of slightly over 2 million bu.

Trade was fairly moderate at the opening. Flour business had improved a little, but is still running slow. News came fromWashington that the PolishAid Agreement had been signed, and the State Department said this agreement would permit Poland to take 100,000 metric tons of wheat, 25,600 tons of cotton, 60,000 tons soybeans, and 17,500 metric tons fats and oils. The latter may be largely tallow. When the supplementary agreement is signed Poland will buy 400,000 more metric tons wheat and 24,400 cotton.

There was a little recovery in all pits, but no real aggressive buying and the sentiment in feed grain is still bearish, as general crop reports are now generally improved. Quaker Oats weekly summary was fairly optimistic. During the early trade July wheat went into new low ground, and there were a good many lows recorded for various futures of corn, beans, and oats. Uhlmann Grain Co.

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CHICAGO, 4 June 10, 1957

Unusually heavy and excessive rains fell over the week-end, particularly in southwestern areas, although there were lighter showers over the spring wheat belt and in the corn belt states. There was rainfall in Kansas of over 5 inches in many localities and a few spots even recorded more, all of which is bound to cause delays and may even be responsible for lodging, particularly as more showers and thunderstorms are expected tonight in Kansas, Oklahoma, and Texas, and the five-day outlook is likewise for unsettled conditions. Despite all this, the market this morning opened very little changed, although corn and beans were firm, but there is still a very indifferent sentiment in wheat. Shortly after the opening there was a report from Washington that President Eisenhower had suffered from nausea during the night and that all engagements for today had been cancelled. He apparently was feeling a little better this morning, but his doctor advised that he remain in bed although stated that his temperature and bloodpressure were normal and that the cardiagraph readings were unchanged from previous ones taken. The doctor also said that there was no relation of this digestive upset to his earlier operation of a year ago, nor of his heart condition. The stock market broke upon publication of this news, although there was not the wide-open decline that we had when he suffered a heart attack. The grain market also advanced all along the line, but we see no particular reason for believing that the President's sickness should have much influence on grains or on beans, as there is no legislation pending. Altogether the market will be influenced more by routine news dealing largely with crop development, coupled with artificial stimuli such as we have mentioned in these letters from time to time. Later in the day we shall have a government report, but this will probably not reflect the last rains which fell, and which might cause some damage.

It is now admitted by USDA that our wheat and flour exports for the season will be above the previous record, and this is no surprise to anyone who has listened to our comments from time to time. We have forecast that total clearances might range somewhere from 520 to 525 million bu, and see no reason to change this prediction now.

It will probably be unsettled over the corn belt, according to the five-day outlook but from what we hear most of the corn and a good part of the beans have been planted, so that occasional rain will probably be a good thing, although some sunshine and growing weather would be more welcome for the immediate future. There were early reports that rains had been fairly general in Western Canada over the week-end, and that these were most timely.

Broomhall also spoke of soaking rains that had fallen over Western Australia following a dry spell which had caused increased apprehension. There are still a good many areas of the Commonwealth that need generous precipitation. According to the Foreign Crop Summary, Mexico is harvesting a record wheat crop and theymay have a yield of nearly 48 million bu. We understand that 200,000 bu rye was shipped from Canada to Chicago last Friday.

Chicago wheat stocks showed a decrease of 284,000 bu, which leaves only 1.4 million bu here in Chicago. There was a shrinkage in the corn stocks of 416,000 bu, but there is still 25.3 million bu here. Oats and rye showed small decreases, and local stocks are small. Beans showed an increase of 340,000 bu to a total of 3.1 million bu.

Markets were active only at times, and following the announcement of the President's illness we had temporary strength, but best prices did not hold, and there seemed to be reactions when it became apparent that Mr. Eisenhower's health was in the main satisfactory, and that his upset was only of a temporary nature. Rye, however, remained reasonably firm, and we believe the fundamental conditions are sound. There was also comparative strength in corn and in beans, which may have been partially due to the weather, although beans were influenced also by better prices for oil. We heard that CCC had sold 400,000 bu of beans, of whic 250,000 bu were located in Ohio, and 150,000 in Indiana. Flour milling business seems to be a little bit better, but stillfar from good. The pickup was mainly in our Northwest. There was also some scattered export business, and it may be that with the ice broken with respect to dealing with Poland that this may be followed by permissive business with Red China. Nobody can tell that for sure. There were a few cars of new wheat at St. Louis, and surprisingly enough the moisture content was comparatively low, one car grading only 12%.

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CHICAGO, 4 June 11, 1957

After the close of the market yesterday, the Agriculture Department came out with its June estimate of winter and spring wheat crops, and also gave a conditionfigure on rye. While the latter showed a one point decrease from the month before, figures on wheat were quite bearish. In spite of acreage reduction through Soil Bank operations, the winter wheat crop is estimated at 735.7 million bu, which is about as much as was raised last year, and apparently the rains in some sections offset adverse conditions in states like Texas, Oklahoma, and Kansas, where production figures might have been better if we had not had such excessive precipitation. However, Kansas still shows a reduction of 42 millian bu as compared with last year. and this results partly from the drought which occurred earlier, and the same might be said of Oklahoma where the weather last fall was bad for the early development of the plant. The main increases since May occurred in Kansas, Nebraska, and Colorado, while changes were rather minor over the soft winter wheat belt. The government also estimated a spring wheat crop of 234.8 million bu, which was more than had been expected, so that all told wheat production may amount to 970.5 million bu this year, which is only 3% smaller than the 1956 yield. This comparatively small decrease was made possible despite the fact that wheat growers put 12 million acres of their 55 million allotment into the Soil Bank.

It was only natural that wheat should open somewhat lower this morning, although there are a great many people who believe that there has been some damage sustained to winter wheat since the government data was compiled. While the weather overnight was not too bad Southwest, previous heavy rains have undoubtedly caused some lodging of wheat, which may show up whenthe next government report is issued in July. We did have some rather heavy rainfall over the corn belt, but since both corn and beans are about planted, according to intentions, this is not much of a factor any longer.

Winnipeg advises a total of 275,000 bu oats cleared for Buffalo Monday. Politically there was quite a surprise in yesterday's Canadian election, with the defeat of the government of Ottawa for the first time in 22 years. However, neither party succeeded in securing a great majority, and it is, therefore, difficult to assess what new policies may be undertaken with respect to the handling of Canadian wheat. One of our friends who is very well posted is still a little pessimistic on the possibility of a wheat market re-opening in that country. Undoubtedly the new regime after such a long period out of power will proceed cautiously.

The outlook for feed grains at home is still bearish in our view. According to some officials in Washington, rain-soaked pastures spell lower feed costs for livestockmen. Grazing land in many areas is now in the best condition since 1952. This they say means more grass for dairy cattle and range steers, while at the same time it should lessen the demand for grain and protein feed. We made some inquiries in the trade but doubt if CCC sold any soybeans last night.

Primary receipts of wheat amounted to 936,000 bu, which compared with 811,000 bu last week, and 1.8 million bu last year. The late movement is beginning to show itself. Kansas City and Minneapolis wheat stocks so far this week show a total decrease of 204,000 bu.

Trade was not at all heavy, and there was no particular inspiration from commercial transactions. Flour demand was again very poor, and nothing important was reported in the wheat export market. During the early part of the session July wheat made a new low on the crop, but there were some reactions, and buying was rather conspicuous by one commission house, which pared down losses. The best rally really came in corn, and possibly more attention was paid to the continued wet weather, and also the belief that later this month we are reaching a point where ordinarily the long side of the market presents some opportunities. The corn-hog ratio is more favorable than it was a year ago, which probably means that farmers will finish off feeding hogs. Meanwhile country offerings are very small. Chicago continues to lose some of its corn, although there is still nearly 23 1/2 million bu here, of which about half is government owned. The bean market was without much feature. The old crop futures made season's lows, and July beans were relatively weaker than other futures, probably due to the belief that there may be some more government selling before long. Contract stocks of wheat here in Chicago are only a little over 1/2 million bu, and it will take some time before supplies are built up again.

UHLMANN GRAIN CO.

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CHICAGO, 4 June 12, 1957

Secretary Benson spoke this noon at a meeting in St. Paul, Minnesota. While addressing primarily dairy people, he dwelt quite a little upon agricultural policies, and the way they influenced markets when prices were held artificially high. He pointed out that when butter was supported at 90% of parity, consumption was discouraged and competitive products were given unintended help. Then he moved to a more controversial problem: namely, the Two Price System, whereby the farmers would be paid directly from the government treasury, and commented that the farmer would probably not be in favor of such a program because of the highly uncertain annual appropriations which they might receive. He quoted from a Committee report that had studied this matter and had come to the following conclusion: "While the approach (production payments) may have some merit, it has one significant defect. It would make the farmer dependent for part of his cost and all of his profit on annual appropriations from Congress. Since members of Congress represent all of the American people, 87% of whom are not farmers, the farmer would be placed in the position of not being able to rely on this support each year."

This does not impress us as a very conclusive argument. First of all, our Senators and our Congressmen are elected to serve all the people and not merely those within their individual borders. They are elected to this high responsibility to do what is best for the entire country, and surely their conclusions on matters pertaining to agriculture are just as sincere as are those within the Department even though the experts may have a more direct knowledge of farming practices and the needs of agricultural people. This is not to say that our legislators should not be influenced by the views of members of the Department, but the passage of the laws which influence all of our 170 million persons should not be delegated to agencies of the government, which only become more powerful when such transfers are made. The Commodity Credit Corporation is now the second largest corporation in the world, exceeded only by the Federal Reserve Bank of New York. This agency has grown by leaps and bounds because the Congress has delegated to it so much authority that was formerly dealt with by our Congressmen and our Senators. We do not agree with Mr. Benson that the appointed agencies are in a better position to make laws than those who are chosen by ballot.

Heavy rain fell again over the Southwest, and Kansas in particular was drenched in some sections, where as much as 3 1/2 inches fell. It was accompanied by high winds in the Wichita Area. This is certainly not good for wheat after all the other precipitation we have had. There was as much as 2 inches around Ponca City, Oklahoma, with lighter amounts in some of the other districts, but harvesting operations are being held up again in various parts of northern Texas and southwestern Oklahoma by weather. The corn belt also had some heavy moisture and the map continues to be unsettled. The unexpected rains that developed overnight in Western Canada were not particularly heavy, but that should prove helpful.

Our wheat market opened a little firmer this morning but there was no particular buying. We were told that CCC had temporarily withdrawn its offers of high moisture corn to exporters at the Atlantic Seaboard. Germany will probably buy 7,000 tons U.S. wheat tomorrow; meanwhile they seem to be taking some larger quantities from Canada and Argentina. The U. K. bought a cargo of #2 yellow corn and an export house took some hedges out of the pit, which was probably against this business. Some more rye is coming to Chicago from Canada and the quantity we heard mentioned was 82,000 bu.

Primary receipts of wheat amounted to 724,000 bu. This compared with 644,000 bu last week and 2.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 286,00o bu.

July and September wheat went into new low ground early, also old crop futures of beans made a season's low this morning, as did November, but later on there seemed to be a little better sentiment, particularly as corn prices advanced. The corn market apparently is reflecting the recent good cash business which has been done out of Chicago and improved export business as well. There is the possibility that when the wheat harvest starts it will cover a much wider area than normally as the movement in Texas and Oklahoma was delayed by weather. Nevertheless, the southwestern crop was a small one and we would not be surprised to see large quantities held back for the loan. There will probably be a good demand for the early run of wheat as we feel that the free reserves from last year will probably be small. Beans were without much feature but naturally influenced by higher prices in other pits. Rye was very strong.

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CHICAGO, 4

June 13, 1957

It is very seldom that the grain trade has to concern itself with the problem of excessive moisture. As a matter of fact a good part of the grain area consists of semi-arid territory, and for the past seven years we have had a prolonged drought in many sections of Texas and other districts West of the 100th Meridian, so that it is most refreshing to have had the rains, although there is some comment that if they continue indefinitely they may do some damage. There is an adage which says that whenever the farmers worry that they have had too much moisture, chances are that they have just about had enough. This is for the reason that when we come into the hot, dry spells during July and early August, the sun which beats down on the fields saps up much of the surface moisture;therefore, it is well to have subsoil reserves.

So far this season this is proving to be an outstanding forage year. Good to excellent pasture conditions are widely reflected in high June 1st condition averages, which contrasts sharply with the unfavorable situation a year ago. Many central, south central, and southwestern, as well as eastern areas, which had only scant pasture a year ago have lush green feed in surplus supply. The hay crops grew and expanded in spite of the rains during May to build large tonnages to harvest stage. In many sections, however, mowing and curing hay between rains was a gamble that faced farmers. A rush of planting and weed killing in other fields had first claim on work time when weather stayed fair long enough to dry out fields. In spite of these handicaps, however, and some resulting loss in quality through rain damage and over-maturity, the June 1st condition of hay crops is reported the best in 30 years, and sharply above last year when the hay crop started slowley, but even then proved generally adequate. There may be less grain required because of the fact that prospects are so optimistic for alfalfa, clover grass mixtures, wild hay, and other leading kinds.

Nevertheless, there is a little apprehension as to whether the corn crop may finally be affected by the late season and the continued rains, and there are a godd many well posted people who believe that a crop of over 3 billion bu may be a hope rather than a reality, as many millions of acres were too wet to workand plant during May, which resulted in the greatest planting lag for this crop in several years. Farmers in Illinois and Indiana had only half or less of their corn planted by June 1st, while in Missouri only slightly more than this amount was possible. Farmers in Iowa and Minnesota fared better and had planted 95 and 85% of their corn respectively, and almost two-thirds of their soybeans by June 1st. Since that date we have had some good drying weather, so that by utilizing equipment to work at night, rather large acreages have been planted, although some shifts to earlier maturing varieties were made in order to make up for lost time.

Overnight weather was again unsettled with more rains reported over the corn belt than in the Southwest. Showers and thunderstorms are likely again over the corn belt states tonight and Friday, and about the same prediction holds for the Southwest, while it should be fair in the spring wheat territory.

According to Broomhall crop advices from the European Continent are less favorable and many sections need good rains. The French crop has deteriorated to some extent and comment is less favorable for Italy owing to an earlier frost and a reduction of about 40 million bu is possible for the latter country. Germany, too, complained of a drought over wide areas with deterioration likely if moisture does not materialize shortly. Some rain fell overnight.

Primary receipts of wheat were slightly over a million bu which was more than last week but less than half of last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 416,000 bu.

With a little over three weeks yet to go before the crop season ends our wheat and flour shipments have exceeded 508 million bu. They were nearly 10 million bu during the past 7 days. Without anything further being cleared this is a record total for all time. We understand the government is thinking in terms of 400 million bu for next season's clearances.

Markets were a little reactionary after yesterday's strength and short covering, but wheat at times showed a fairly good undertone, but the close was weak. There was a little selling of beans and corn as the late forecast for Illinois, Indiana and Ohio was for fair and pleasant weather tomorrow. The map, however, is still generally unsettled. CCC is apparently selling some soybeans, but it is difficult to get either price or amounts. Rye held pretty well early but was naturally influenced by weakness in other pits, and especially wheat.

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CHICAGO, 4 June 14, 1957

It would, indeed, be shortsighted to view the corn situation without taking into account all the other feed grains, which will naturally have a price-bearing on the over-all picture. In order to understand fully what is taking place, we should realize that while 12 1/2 million acres of 1957 crop wheat were put into the acreage reserve, many of these same acres have been shifted to the production of competing crops. There is evidence to support this belief by figures that we had for March planting intentions. For example, at that time farmers had decided to increase their grain sorghums by about 5 million acres, or 23%, as compared with 1956. This report came before the rains and now that conditions are so very favorable, there may might even be some upward revisions. Barley was indicated to be raised 1 million, 300 thousand acres, and soybeans were upped by 759 thousand acres. Kansas is one of the large sorghum producing states and ranks pretty well withTexas. In that state the planting intentions showed an increase for sorghum grain of 1 million, 800 hundred thousand acres, which is an increase of 58% over last year. It is no wonder, therefore, that Quaker Oats, in viewing theoutlook, speaks of the possibility of a super crop for sorghum grain, and it would be very difficult at this time to minimize its effects upon the over-all feed situation.

We had some very heavy rains in parts of the Southwest again overnight, mainly in Kansas, but taking recent weather as a whole, the torrential rains that fell over northern Oklahoma, large portions of Kansas, extending across Missouri, Illinois, and Indiana, may have some effect upon the final yield of wheat. In our opinion, we may have seen the highest estimate in the June government figures, although we are always mindful of the fact that while some damage may have been sustained, where lodging of wheat has occurred, moisture in other areas may have brought about favorable results, and there may be some offsets by way of increased yields in all of the states east of the Mississippi River, and even in sections of Kansas where the crop was able to withstand heavy rain and high winds. It is still too early to estimate what has happened in the territories where harvesting operations have already begun. Yields are erratic and range all the way from 7 to 35 bu to the acre, and yesterday's receipts at Enid indicated an average test weight of 57.8, which in itself would tend to indicate that there has been some damage sustained, as low test generally is a sign of a smaller crop than would be the case when wheat tests higher in weight. Again referring to the tests yesterday, the high was 60, with a low of 52.5 and on the latter this would very definitely show a cut in crop conditions.

Primary receipts of wheat were nearly 1 1/2 million bu indicating that harvesting operations are progressing. Last week receipts were alittle over 1 million bu while last year they amounted to 2.7 million. Kansas City and Minneapolis stocks so far this week show a total decrease of 531,000 bu. When the visible supply is posted on Monday it will probably show another decrease whereas last year there was an increase of nearly 6 1/2 million bu.

Trade was very quiet at the start. Wheat was somewhat indifferent and we hear the reaction rather universally that even though some traders are bullish, they prefer to wait until there is more pressure from first hands after wheat moves in greater volume. Possibly they overlook that with not much free wheat carried over from last crop there will also be a good demand. Moreover, our own figures, while not conclusive because the movement is still slow, would indicate that only about 40% of the wheat moving in Oklahoma is being sold so that the quantities that may finally go into the loan could be very large indeed. Possibly one of the reasons that as much wheat is being sold is because the cash price in Oklahoma is about equal to the loan, and some farmers do not want to bother with red tape. Should the cash market decline after immediate requirements are met, this could easily chang

Corn firmed this morning after a weak start and with some unsettled weather still forecast, shorts are a little more on the defensive. We heard that CCC had sold 750,000 bu of beans at prices ranging from $2.14 1/2 to $2.17 1/2. This kept the bean market relatively indifferent, and it had difficulty in advancing even when wheat and corn improved.

There seems to be no immediate sign of flour business picking up, but this, too, could change if crop news continues spotty, and we are getting a number of reports that the government forecast seems to be high, all of which makes possible a lowering of estimates when the next report is issued. Another factor that has undoubtedly tended to restrict buying in wheat is the coming referendum on Thursda of next week.

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CHICAGO, 4

June 17, 1957

On Thursday the wheat growers in this country will vote on the referendum as to whether to continue marketing quotas or to reject same. Percentagewise, it certainly would appear that farmers will again vote quotas, although there seems to be a growing dissatisfaction with restrictions and farm programs, which certainly have not worked in the past. In some quarters it is felt that it might be in the best interest of agriculture to try the Domestic Parity Plan and leave it in the hands of farmers as to how much they want to produce over and above domestic requirements. It is likely that such a program could be conducted at a greatly decreased cost to the taxpayers of this country. The latest program of government crop control is the Soil Bank. There were some 12 million acres winter and spring wheat taken out of wheat production under this plan, but despite this the government figures of June 1st indicate a winter wheat yield of approximately 736 million bu, an increase over 1956. It is self-evident that the wheat farmers have put their less productive areas into the Soil Bank, keeping the most productive ones in use, liberally applying fertilizers and hiking yields. If the farm problem could be taken out of politics and run on basis of a sound economy, we believe that better results will be obtained. The Domestic Parity Plan would lead to a return to free markets and finally return the grain business to private hands who-are organized to handle same, and who have successfully met most problems to-date.

According to the Federal Reserve Bank of Chicago, farm prices in mid-May were above a year earlier for the 12th consecutive month. However, the higher prices were mainly accounted for by meat animals and by vegetables. Hog prices are 12% higher than a year ago, beef cattle 14% higher, but on the other hand soybeans are 25% lower, corn 11%, and eggs 23%. There was very little change in the price of wheat received by farmers in mid-May against the year previous.

According to Broomhall, advices from a number of European countries state that the crop took a distinctly less favorable turn during the past week, although the over-all picture up to this time is still better than last year. However, continued unfavorable conditions in the affected countries could alter the situation considerably. Earlier advices had strongly indicated that France and Italy would have substantial surpluses in the coming season. This possibility still exists in France but is rapidly fading in Italy where some private calculations have reduced the crop by 40 million bu. It still remains to be seen whether France will be an exporter or be eliminated-this season.

Over the week-end there was some heavy moisture over parts of the corn belt and parts of Kansas and Nebraska. There was also rain in the Northwest, but according to advices we have received, rains in that area, although excessive in spots, are very welcome, and much of the territory look like a garden spot. According to reports which we have had from our stations in southwestern Oklahoma, it would appear that to date about one-third of the wheat is being sold and on about two-thirds storage tickets were being taken, the cash price ranging from 3¢ over the loan to 2¢ below. However, according to inspection reports the test weight is running from 54 to 58 lbs, which would suggest yields lower than originally indicated.

Primary receipts of wheat today totaled 2,200,000 bu vs. 2,063,000 bu a week ago and almost 6 million bu on the comparable day of last year. Chicago stocks of wheat decreased 279,000 bu, leaving a total of 1,185,000 bu. The corn decrease was 202,000 bu, while oats and beans each decreased a little over 200,000 bu.

For most of the session markets were rather dull although towards the end wheat became strong. There was some talk of rust damage and just before the close we received a message from St. Louis stating that there is considerable rust in the wheat in Missouri and southern Illinois, but not enough has been combined to determine how much of the wheat has been damaged. Springfield also confirmed the same. Flour sales were small over the week-end but there is a growing feeling both in the Southwest and Minneapolis that the trade is beginning to develop more interest, and that a substantial business is not too far distant.

During the session we heard that CCC's Minneapolis Office had sold 100,000 bu beans Friday and Kansas City advises that CCC in that area was beginning to sell some, although the quantity was not known, and there was probably a large amount sold by the Chicago Office. Spot corn in this market is 4 1/2¢ over.

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CHICAGO, 4 June 18, 1957

Broomhall points out in a recent article that a frequent point of discussion in grain trade circles is the future place of the U.S. in the world grain market. In some quarters there is the belief that no government is rich enough to subsidize its exports indefinitely. There are others who believe that the U.S. cannot possibly maintain its position as the most powerful country in the world without an annual agricultural surplus-- in fact, a very large annual agricultural surplus. While this country is making every effort to reduce the production of wheat and other basic crops through the Soil Bank, the intentions with regard to feed grains are not as clearly defined. The particular point being raised is that even the U.S. has not all the wealth necessary to guarantee farmers full remuneration for taking out of production sufficient wheat and coarse grains to bring about any rapid reduction of over-all stocks.

With the change in the over-all storage situation the orderly liquidation of government storage facilities is a problem. However, Mr. Walter C. Berger in a recent address stated that the government is already winding up the use of reserve fleet ships on the West Coast and are prepared to do the same on the East Coast. The government storage has been regarded only as emergency space and he points out that it will be the policy of the government to make use of commercial facilities at all times.

Overnight there were again heavy rains over portions of Kansas and Oklahoma and rather heavy showers over portions of the corn belt. The heavy rains in southwestern Oklahoma are undoubtedly causing additional crop damage and slowing up movement of the crop in that area. One party believes that the final outturn in Oklahoma will be 55 million bu, as an absolute high, which would compare with the last government estimate of about 60 million bu. Another source reduces the outlook in Oklahoma by 15 million bu. The same party feels that Kansas prospects have probably been reduced 10 to 11 million bu. We have not had any further reports today regarding possible rust damage in Illinois or Missouri, but the rains and humid weather do present some further threats. However, from the Northwest we hear that the stands of small grain are generally heavy and are 6 to 18 inches in height. Rye is quite tall and looks excellent. The color of the new crop is generally good except for the low areas where there are a number of reports of yellow small grain and flax due to wet weather. Stands of corn are generally good.

The Federal Reserve Bank of Chicago in their agricultural letter again points out that cash receipts from farm markets are running considerably above year-ago levels. The large income from the Mid-West reflects bumper 1956 harvests in many areas, higher hog and cattle prices, and larger output of milk, which has been selling at somewhat higher prices. Deposits in most rural banks, those located in places of less than 5,000 population, and doing a large portion of their business with the farmer, have shown gains over a year ago in the first quarter of 1957. The largest gain was probably in the rural banks in the central Illinois areas, while declines took place in western Iowa and western Michigan.

Primary receipts of wheat totaled 1,458,000 bu vs. 936,000 bu last week and 2,076,000 bu on the comparable day of last year. So far this week Minneapolis and Kansas City wheat stocks show a total decrease of 171,000 bu. The visible was posted too late to be included in our letter of yesterday. The wheat visible decreased 2,788,000 bu which compared with an increase last year of 6,478,000 bu. Total stocks at the moment are 62 million bu less than a year ago.

The weekly government report mentions that almost daily occurrence of precipitation from the middle portions of Nebraska and Kansas eastward to Indiana has stimulated rank growth, resulted in much lodging, and aided the spread of rust and fungus infestation. Where wheat has lodged in Kansas, it is not filling well, particularly in the low spots. They also remark that similar past weather in Illinois has resulted in heavy rust and fungus infestation.

Flour demand still remains extremely draggy, and there seems to be no particular interest in new crop bookings. There seems to be a variation in the quality of the wheat that has been harvested. No doubt there is hope that there might be better quality as the harvest progresses.

Interest in the Chicago future market was extremely dull and there seemed to be many traders who preferred sideline positions awaiting the outcome of the referendum vote on Thursday.

Overnight the C.C.C. sold exporters about 940,000 bu of corn.

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CHICAGO, 4 June 19, 1957

The recent election in Canada has attracted some attention as to the future action of the Wheat Board, and as to the possibilities of that country forcing export sales to reduce their stocks through subsidies or other methods. There seem to be some question whether the ruling party will be able to command enough votes to materially change the policy, as the Liberals and the Conservatives do not have a working majority; hence, a stalemate might result until the next regular election is called.

In this country the administration has been very actively engaged in disposing of farm surpluses. Since mid-1953, it has moved about $9 billion worth out of government hands to consumers here and abroad. The one most important factor in accomplishing this has been Public Law 480, which provides for sales for foreign countries, authorizes donations to free countries to meet famine or relief requirements, or allows the barter of surplus farm products for foreign metals or other strategic materials. However, despite all efforts, CCC investments in foreign products on March 31st totaled $8.2 billion, only 8% under the record level of February 29, 1956. Based on budget estimates CCCstocks on June 30 will approximate $7.6 billion, 8% below a year earlier, and a year hence it is estimated that stocks will still be $7 billion. The $5 billion farm budget for the coming fiscal year averages more than $1,000 per farm for the 4.8 million farms in the U.S. However, when the budget is divided among the approximately 2 million commercial farms, whose owners and operators derive most of the benefits from federal programs, it would average about $2,500 per farm.

The failure of our farm programs in the past to obtain their objectives was pointed out by Secretary Benson recently when he stated that controls are not effective in reducing an over-all agricultural production, despite the severe restrictions they impose on farmers' freedom to produce and market. If any product is abundant, it cannot be priced as if it were scarce, and we cannot build markets by pricing ourselves out of them. There are many farmers and farm leaders who recognize the need for agriculture to depend less on government subsidies. Without federal price-prop umbrella over agriculture, many marginal operators would be forced out of farming. However, the Des Moines Sunday Register, a paper which is in the heart of the corn belt, stated that while the editors are certainly not unsympathetic to the farmers, they have come to the conclusion that the primary soluti to agriculture's problem of oversupply is to help people get out of farming, to help them find jobs in other lines of work. Too many people are sharing the income whic agriculture can earn in the American economy.

The weather overnight was more favorable and the 5 day forecast does not suggest much additional moisture in the Southwest or in the corn belt. In several messages we received today harvesting in southwestern Oklahoma has been delayed but with bright sunshine think that operations will again be in full swing this afternoon

Markets today were mostly motivated by the strength in rye on a report the Tarriff Commission had asked for an import quota of only about half of last year's amount. However, it does not seem very probable that importations will be restricted further than they have been the past season. According to the Southwestern Miller, flour business has barely moved out of its narrow groove. There is a little business being placed where bakers have exhausted their contracts. However, unfilled balances are down considerably. It is reported that Japan had bought 41,000 tons of American wheat, and Germany purchased 13,000 tons U.S. hard and spring wheat for July-August shipment. There was also some buying by brokers in all pits other than beans, presumably for some marketing analysis service. Otherwise there was nothing else of interest. There are some barges of new crop red wheat enroute to Chicago, originating from Southeastern Missouri along the Mississippi River, and as the harvest progresses it is expected that more of this wheat will be available. According to information from Washington, on Thursday the House will take up the P.L. 480 bill where it is expected to pass, and it will then go to the Conferees and expected that final disposition will occur next week.

The government again sold large quantities of corn overnight, totaling about 730,000 bu.

Primary receipts of wheat today were 845,000 bu against 724,000 bu last week, and 1,771,000 on comparable day of last year. So far this week Kansas City and Minneapolis wheat stocks show a total decrease of 335,000 bu.

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CHICAGO, 4 June 20, 1957

Today the wheat producers of America go to the polls to vote on the annual referendum that will determine the wheat program that will be in effect in 1958. Much thought and discussion has been given to this issue because if a two-thirds majority vote in favor is not achieved, this will mean that there will be a price support cut to 50% of parity, or approximately $1.18 a bu national farm average. If the referendum passes, acreage allotment on wheat will be 55 million acres, and price supports at 75% of parity, which, although down from the 82 1/2% level of last year, would still give the farmer a much higher guaranteed price. It is with this thought in mind that many experts are predicting the passage of the referendum.

Generally fair weather prevailed over most of the grain belt the past 24 hrs., with the exception of some good rains in sections of the Canadian Provinces. With a forecast of continued fair weather in most of the Southwest, harvesting operations, which have been delayed because of wet fields, will be resumed on an expanded basis again. It is difficult to know how much damage has been done from the extremely wet weather until the grain is cut and begins to move to market, but there are some reports that mature wheat fields in eastern Oklahoma and in Kansas might not be harvested because the grain in some cases has fallen down and is too wet to support harvest machinery.

According to Broomhall's Foreign Crop Summary, some sections of Europe have received beneficial moisture during the past several days, but others report deficiencies and hot, forcing weather is increasing the need for rain. In general, however, the situation remains satisfactory in the U.K. and over much of France.

Broomhall also says that a drought area over much of the Southern and Eastern sections of Australia will require relief in the near future to avoid a national disaster in that country.

The Chicago office of CCC has announced soybean sales through June 18 of 3 1/2 million bu. Their Minneapolis and Kansas City offices also have announced sales totaling approximately a million bu by the former and 350,000 bu beans by the latter. Although the government sold exporters 650,000 bu corn overnight, they announced from Chicago this morning that as of June 21 they will withdraw all offers for high moisture corn. Actually this will be no more than a change in their selling policies, as they will continue sales on basis of #2 yellow, with lower grades to apply subject to availability. They also stated that some limited offerings of corn for export, fob vessel, at Baltimore, Philadelphia, Albany, Port of New York and Portland, will be made to free some needed space at these points.

Primary receipts of wheat today were 867,000 bu against 1,050,000 bu last week and 2,737,000 a year ago today. Kansas City and Minneapolis wheat stocks so far this week decreased 563,000 bu.

Markets were generally quiet and a little lower for all grains during most of the early part of the session, as wheat traders are awaiting the outcome of the referendum. Toward the end of the session soybeans became firm on general buying and short-covering, including some stop-loss orders. Soybean oil did not respond. Rye had a reaction earlier after yesterday's very strong market on the report.

The CCC's announcement of a change in policy in its corn selling program caused mixed comments as to its effect on market prices. However, the corn market remained under last night's close during most of the session, as the over-all feed grain situation is bearish.

Export activities overnight were very quiet, as was the flour demand, except for some family flour bookings, which were for current shipment. The export flour market is also slow.

We hear reports from Canada of a wonderful crop outlook, and in that regard there is a general feeling in Winnipeg that their October oats are too high in relation to Chicago.

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CHICAGO, 4 June 21, 1957

Yesterday's referendum vote on plantings for the 1958 crop was passed-as had been expected by a substantial majority. This means that for another crop-year wheat farmers will be subject to acreage allotments and marketing quotas. Although this is the 6th straight year that quotas have been approved, it, nevertheless, must be said that this time it was probably not so much a vote in favor of that particular program as it was a reluctance on part of producers to take a 50% government support price, which meant that they would have to rely on the free market for disposing of their crops or else be subject to $1.18 per bu loan.

Now that the wheat referendum has been voted upon and no longer poses as an unknown factor to traders, we can examine little more carefully the question of this year's wheat crop, and harvest which is now upon us. This is an unusual year in the Southwest, as precipitation has been as heavy in many sections as it has ever been. Not only were the rains predominant during the early part of the growing season, but they have continued right up to the present time, so that in most sections the movement is being considerably delayed. As a matter of fact, Enid, Oklahoma, reports only 500 cars new wheat as opposed to 5,000 as of this time a year ago. Not only have these wet conditions caused a delay in harvest, but they are bound to affect the quality of the wheat in many cases. Just how much this will be will become known as the grain moves to market. Early reports mention some tough wheat, and generally the test weight is averaging around 57 1/2 lbs, and in many cases as low as 53 lbs, which will nean that there is bound to be a certain amount of shrinkage.

Another item of interest will be the mill demand for this year's crop, and according to early advices, millers have been reluctant to buy the lower test weight wheat in the hope that wheat that is harvested later on will be of better quality. With market prices so far below the loan level, there will naturally be an attempt to impound as much wheat as possible. At any rate, the situation warrants close attention and quality reports on wheat will be viewed with more interest this year than would normally be the case, as this will have an influence on the market as the season wears on.

There were reports overnight that exporters' bids on CCC moisture corn were quite heavy and sales were consummated. However, under a change in policy the government will withhold the figures until the following day. The reason for the heavy interest in obtaining moisture corn is due to the fact that as of this afternoon no more moisture corn, as such, will be offered to exporters. The Chicago Office of CCC announced soybean sales made on June 19th of 164,000 bu in store in Iowa country elevators and 556,000 bu in Illinois. Cumulative sales for all states total 4,273,000 to this date.

Overnight weather was generally clear over the entire grain belt except for showers along the Canadian border and in our spring wheat belt. The forecast, however, for the week-end shows a generally showery condition for the Northwest and the Southwest, and possibly some general rains over the corn belt late tonight and tomorrow. If this is the case in the Southwest, further delays will be caused in the wheat harvest.

The government has eased export controls of non-strategic commodities to Russia and her European satellites. Although the Commerce Department says this in no way reflects a change in policy of barring strategic goos from being sold to Communist countries, some 200 additional materials, all the way from cattle hides to flashlights have been added to the export list. The State Department also ruled that since Poland is no longer dominated by the Kremlin, that country is entitled to $95 million in U.S. aid, much of which will be in the form of surplus commodities.

Markets opened somewhat higher as might have been expected, particularly in wheat after the passage of the referendum. However, as the session wore on sustained strength developed in all markets including corn and beans as buying and short covering came into these grains partly due to the strength in wheat. New crop beans and corn were particularly strong.

Primary receipts of wheat are 968,000 as compared with 1,479,000 last week, and 2,345,000 a year ago. Kansas City and Minneapolis stocks decreased 551,000. When the wheat visible is posted Monday it will compare with an increase of 8,457,000 a year ago.

The government pig report estimates a fall crop of 37 million which is 101% of last year.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 24, 1957

The government in reappraising the wheat situation has come to the conclusion that for this marketing year, which ends in another week, total export shipments of wheat will reach 535 million bu, which is a new high for all time. In two of the post-war years we averaged 500 million bu, and that was at a time before Europe had become rehabilitated and was in dire need of supplies from this country. The situation during the present crop-year has been quite different in that we have taken the lead in pushing our exports through barter, gifts, and the P. L. 480 program, all of which was intended to reduce the accumulated surplus. Indeed, we will have made a good deal of progress in that direction, as it now looks as though on July 1st our carryover might be cut to 900 million bu against a reserve stock last season of 1,033 million bu. Some further reductions in carryover seems probable by July 1st, 1958. The coming crop, according to the last government report, was estimated at 971 million bu, which is actually a little less than is likely to be needed in the U.S. and export markets. In making this statement we do surround ourselves with some hypothetical questions. The heavy rains that have fallen in southwestern areas will no doubt bring about some reductions in crop evaluation. There were severe and torrential rains again overnight in many parts of Oklahoma and precipitation was also heavy in Kansas and Texas. Our early reports from Enid, Oklahoma told of heavy damage to wheat that was still standing and had not been harvested. Very little can be cut until dry weather sets in, and as a result many thousands of acres may be affected by this last heavy rain, which in several localities was up to 4 or 5 inches.

On the other hand our export picture will be seriously affected if the new government in Canada decides that it will no longer stand by and see its markets taken away when its own supply situation has become desperate. The writer spent two days in Winnipeg last week, and there were varying forecasts as to what might occur, at least during the next few months of the new administration. The Prime Minister has pledged himself to advance money to farmers against the grain which is held back in the country. Not only are wheat stocks heavy but there are large quantities of barley and oats held by producers. It might take upwards of $1/2 billion to put money into the hands of farmers against the grain which has been held back under a quota system. That in itself might induce the Wheat Board to become more aggressive and to try to get their supplies liquidated through a better export market. Some well posted people went so far as to tell us that there might even be forced sales on the theory that the present administration has inherited a heavy load from those who were previously in power and that they must, therefore, take strenuous measures to cope with the burdensome surplus problem. This may not come at once as it would be a very serious step as the Conservative Party did not win by a clear majority and their own status is not too secure. Nevertheless, they can hardly sit back complacently and permit us to ship 400 million bu wheat during the coming crop season without at least putting up greater resistance than they have in the past.

Weather was mostly clear over the corn states but attention is directed to the fact that feed grain prices at mid-May averaged about 8% below a year earlier. Progress of the corn crop is in various stages of development, but in any case the crop is late . Improved condition of pastures and ranges, plus the likelihood of a big sorghum crop, is a factor that will partially offset a changed government policy of selling.

Chicago wheat stocks decreased 302,000 bu, which leaves only 883,000 bu here in Chicago. Thus it can be seen that shelves are bare and that a good many people must be waiting for the arrival of the new crop. Corn stocks declined 233,000 bu, which leaves a little less than 25 million bu here. Oats decreased to 393,000 bu, while rye stocks increased 195,000 bu to 804,000 bu. However, the amount in bond went up to 2 1/2 million bu. There was a small decrease in beans, which leaves about 2 3/4 million bu here.

Markets were not nearly as active as they had been on Friday. Wheat prices were firm due to wet weather Southwest and later on they responded to the strength in Kansas City. We did not hear of any marked improvement in the flour demand. The wheat arrivals at Kansas City ranged all the way from 46 to 61 lbs, which would indicate that some of the wheat has been damaged. Corn prices were a little higher but there was not the same bouyancy that we had here last week. Reports from the country show a wide range in crop development. Beans were a little reactionary except for the July future. Weather generally appeared to be fairly good and the general opinion is that we still have a chance for a good crop. Rye was higher in sympathy with wheat.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 25, 1957

According to preliminary information the world exports of wheat and flour during the current season may reach a high figure of 1,175 million bu. This would surpass a former record of 1,066 million bu in 1951-52 by a margin of over 10%. Nearly half the shipments will have been furnished by the U.S. if the present estimate of 535 million bu holds up, (and this, too, would be a record for us) while Canada may ship only 270 million bu, whereas a year earlier they cleared 289 million bu. It is interesting to note that in the ten years prior to World War II, average world shipments amounted to only 637 million bu. Even this figure would be somewhat smaller except for the one large exporting year during that era when 928 million bu wheat cleared, and that was during a period of peace when great prosperity ruled not only in this country, but throughout the world.

It should, however, be borne in mind that during the earlier period exports to ex-European countries were rather small and averaged only about 152 million bu annually so that a new consumptive market has developed, which has created increased demand. In prewar periods the Orient took wheat mainly when prices were depressed or when the rice crops turned out poorly, so that food supplies had to be implemented by consumption of bread or wheat products. One must also bear in mind that during the ten-year period prior to the War, net exports of wheat from the U.S. averaged only 58 million bu. This took into account three of the drought years when actually we were an importer on balance, but, nevertheless, it demonstrates what has taken place through price stimulation. At present we are exporting nearly ten times as much wheat as we did prior to the War, even though many programs have been adopted to make these heavy shipments possible. Moreover, it has been at the expense of other surplus countries that have had to adjust their own domestic conditions to meet this new phase of shipping activity. Canada in particular is being hurt through our aggressive action and will probably wind up a crop season on August 1st holding nearly four times as much wheat in surplus supply as is consumed each year by the 16 million inhabitants of that country.

Before our market opened this morning, we had clear weather reported over practically all sections of the wheat belt. There are a few showers indicated for the Southwest but mostly in the western regions and there may also be some scattered thundershowers over parts of the corn belt, but our opening was slightly lower as most people felt that the recent advance had eliminated many shorts which in turn weakened the technical position of the market. There were some favorable rains in Eastern Australia where the land had been dry, and this, too, may have had some small influence on the market. The French Minister of Agriculture estimates the wheat crop preliminarily at 10.7 million tons, which is a little more than in 1955, and nearly double last year's failure crop.

CCC had sold exporters about 290,000 bu corn last Friday in addition to the heavier sales ofthe day before. Practically all areas covered by the Peavey crop report told of good rains having been received in the Northwest during the past week, and as a result crop prospects were mostly good to very good.

Primary receipts of wheat were only 1,185,000 bu, which was a little less han last week when receipts amounted to 1.4 million bu, while last year they were .8 million bu. Kansas City and Minneapolis stocks so far this week show a total lecrease of 168,000 bu. The wheat visible, which was late in being posted, showed n increase of 2.5 million bu. Total stocks are 267.8 million and 68 million smaller han a year ago.

Markets were not particularly active, and while 5 cargoes red wheat were old via the gulf to Poland, there was not much evidence of export buying. However, ansas City futures were strong and our market was firm in sympathy with possibly ome investment buying coming into the May future. Corn was a little reactionary nd the weekly weather and crop summary was on the optimistic side. It claimed it as the driest and most favoable week of the season for farm work, and crop growth n Indiana, Illinois,/Missouri, Arkansas, Louisiana, Texas, and adjacent areas along the lower Aississippi River, although many low lands in this region were still too wet. Corn lanting was nearly completed in all areas although about 10% remains to be done in llinois and 10 to 15% in Indiana. Commenting on wheat they said that some rust damag s reported in the northern high plains and that wind and rain had damaged some of the heat that was ripe or near ripe in Oklahoma. Progress of grains continues generally ood in Oregon and Washington. Rye prices were somewhat lower but there was no eavy volume and apparently the market is reacting after last week's strength. Beans firmed after early weakness.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 26, 1957

Sanford Evans, a noted economist in Canada, whose statistics go unchallenged due to his great accuracy in reporting, is also a well informed agency on general conditions surrounding Canadian grain markets. He states that there is no change expected in the Wheat Board policy for some time. While admitting that it has been the general impression of the grain trade, (although entirely without confirmation) that the Wheat Board had decided, on at least a tentative program to make Canadian wheat offerings more attractive, there is no confirmation of a new program being adopted at this time. It is figured that the new government will require time to study and become acquainted with the policies of the Wheat Board. Headlines in all of the Canadian newspapers have stressed the growing wheat surplus in that country, although less attention has been paid to feed grains. The Canadian situation has deteriorated owing to the fact that the cheap offerings of U.S. corn to Europe have naturally competed with their sales of barley. Even the shipments of oats have been disappointing, particularly those to the U.S. As a result of all this, stocks of oats and barley in Canada on April 1st were at a near record high, with oats at the highest levels since 1943, and barley equalling the record stocks in 1954. The 366 million bu oats on hand April 1st was actually 54% larger than on that date last year and more than a third larger than the 1951-55 average. April 1st stocks of barley totaled 227 million bu, which was 15% larger than last year and 22% above the five-year average.

In speaking of the coming crop it is, of course, a matter of conjecture, but the prospective acreage of oats that will be planted in 1957 shows only a 1% increase from last year but is 12% above the five-year average. The nearly 10 million acres of barley in prospect are 11% more than last year and only slightly below the record of 1955. Thus it is apparent that with normal growing weather supplies of oats and barley in Canada will be much larger than average, and thus it it apparent that there are three cereals and not merely wheat alone which are creating problems for the new administration.

Here at home we had some rain over portions of the Southwest and also wet weather was reported over the spring wheat belt, with some showers in the corn areas also during the past 24 hours. The weather map is still unsettled and rains, particularly in the Southwest, are delaying harvest, which is already late. This together with some flour business gave us a somewhat higher opening this morning. Reports from Kansas indicate that each successive rain is reducing prospects and the test weight is already showing some damage, so that a lower estimate next month is more than likely when we have the next official forecast. The state reports were fairly optimistic, Iowa showing about 95% of the corn acreage cultivated at least once although in quite a few areas growers have been hardpressed in keeping ahead of weeds. For Illinois, the past week was the most favorable for field work in most communities since early May. Farmers made rapid strides toward completing their planting operations in the southern counties. Condition of corn, soybeans, and small grains was well below average due to late planting, excessive water, and diseases, particularly in wheat. About four-fifths of the soybean acreage in this state is planted although it is the latest planting season since 1947. In spite of the fact that 28 million acres were placed in the acreage and conservation reserves, for which farmers will receive government payments of nearly $800 million total retirement due to shifts was only about 12 million acres. Officials say that the offsets have been occasioned by increased planting on land which was not used for crops last year.

Primary receipts of wheat were 1.1 million bu which compared with only 845,000 bu last week, but as much as 3.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 169,000 bu.

There was not much news surrounding the wheat market except reports confirming our ideas of a smaller winter wheat crop. In Europe crop conditions are being fairly well maintained, despite some difficulties, it still looks as though France might have good yields, while beneficial rains in many sections of West Germany have tended to create an optimistic sentiment. Final results in Italy will fall considerably under earlier high forecasts according to Broomhall. Wheat firmed a little after early weakness, and there is hardly any pressure yet. Beans were strong, particularly for September. That month could easily be an old-crop delivery with late plantings, and there was buying of both July and September against sales of later months. We continue to feel that November beans are comparatively high if the crop comes through, although they are being influenced temporarily by strength in July and September. Corn did very little.

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CHICAGO, 4 June 27, 1957

Tomorrow another crop season for wheat will draw to a close. It will go down in history as a record, insofar as our export shipments are concerned. According to Broomhall we have cleared 7 million bu wheat during the past week, bringing the total to 528 million bu compared with 325 million a year ago. Thus it is almost a certainty that a total of 535 million bu will be reached for the entire 12-month period, and if this is the case it will cut our carryover reserve to about 900 million bu, which would be a reduction of more than 130 million from last year. Since 1952, we have been building up reserve stocks, and this will be about the first time since that period that we have really made good inroads into the accumulations. When large crops are raised, we are more or less dependent upon healthy shipments abroad for the reason that our domestic disappearance has hardly increased during the last 25 years, even though population growth has been tremendous. Home use of wheat, including that which is fed to animals and used for seed, is still only about 600 million bu. It was even greater than that during and prior to World War I. The only time the figure was exceeded to any extent was during World War II when feeding operations were huge and when our Allies were anxious to get concentrated foods, and when corn was insufficient to take care of all our requirements in that regard. For example, in 1943, domestic disappearance reached a peak for all-time of 1,237 million bu, and we believe that during that crop-year there was practically as much wheat fed to livestock as to human beings. In the following year 1944, nearly a billion bu was consumed domestically, but since that time the figure has gradually tapered off. This is quite a remarkable showing when it is considered that the 1910 census showed a population of only 92 million persons, and at the present time we have more than 170 million. However, improved foods and watchful diets have reduced per-capita consumption so that we are no longer the bread-eating nation we were a quarter of a century ago.

During the past week exports of corn amounted to 2.1 million bu, and since October 1st we have shipped a total of 115 1/3 million, which compared with 83 3/4 million bu a year ago. This, as we mentioned yesterday, is having some influence on exports of Winnipeg barley. Canadian exports of barley since last August to end of April were 60.4 million bu, but shipments of oats fell down appreciably and were less than 10 million bu during the same period.

We had a considerable amount of moisture again in Kansas during the past 24 hours and there was also a fair amount of rain over the corn belt, with some precipitation also in our Northwest, as well as in Canada, confined mostly to the western areas. In Southern Alberta they had just over one inch. Ordinarily all these reports of rains would be construed as bearish, but in Kansas where wheat is about ready to be harvested, there are fields that virtually look like lakes, and around the Hutchinson territory it will be many days before they can cut, and it is claimed that this is a most serious situation. It was no wonder, therefore, that wheat opened somewhat higher, and we are convinced that when the next government report is issued, there will be substantial reductions from June figures.

Primary receipts of wheat were still on the low side, at 1.6 million bu although more than last week when they amounted to 867,000 bu. Last year they were mearly 4 million bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 255,000. bu.

The market today was all a reflection of bad weather Southwest, with more moisture in sight, including the noon-day forecast, which was bad. We had a message from Kansas City that some of the shorts in the cash market were forced to cover. #1 hard wheat in that market sold at 20¢ over July, or about 7¢ higher basis than yesterday. This naturally caused a good deal of nervousness, short covering, and stop-loss activity. There was also a report that Brazil had bought 150,000 tons #2 hard winter wheat for July-August-September shipment. The great strength in wheat naturally influenced other grains, and rye in particular. However, prices for corn and beans improved, and there continues to be talk of a late season, which is not being helped now by additional moisture at a time when sunshine and growing weather is wanted. There are certain sections in Illinois and Indiana, particularly in the south, where the soil is too wet to plant much corn and beans that have not yet gone into the ground. On the other hand, most of the planting has already been accomplished.

In spite of talk that the Administration may push exports of fats and oils as rapidly as possible under P L 480 we found that oil today was quite indifferent considering the higher bean market. Lard, which is reflecting $21.00 hogs, showed early strength, and we understand that tenders on July contracts will be heavy.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 28, 1957

Regardless of what plans and schemes are used, and regardless of the money expended, nature is still the dominant factor as to the final outturn of crops. According to the last government figure, as of June 1st, the prospect of winter and spring wheat was for a crop of 971 million bu, which would compare with 997 million bu a year ago, or only 26 million less after the expenditure of hundreds of millions of dollars for soil bank and the retiring of acreage. However, since the last government report we have had excessive rains in many parts of the winter wheat area, and even east of the Mississippi River, with the consequence that there will probably be a reduction in the next government figures issued as of July 1st, and the reduction might be far in excess of that of the soil bank. It is very difficult at the moment to appraise how much actual damage has occurred, but all reports received indicate that prospects in Oklahoma have been dimmed, also prospects in parts of Kansas, with the possible exception of the northwestern areas of that state.

There seems to be a growing dissatisfaction with current farm programs, and also thoughts are being expressed that might finally lead to a shift-away from present costly federal schemes. As Senator Aiken expressed it: "I think the public might live with such sizeable spending if they could see the end of it. The trouble is people are getting the feeling that farm spending will never halt." While many of the legislators are groping around for plans, we reiterate that the scheme that would be less costly to the government and which would come nearer to solving farm surpluses would be the adoption of the Domestic Parity Plan. Even if they guaranteed the producer 100% of parity on that part of the crop used for domestic consumption, (and we refer only to wheat) the farmer then would adjust himself to how much over-production he would grow, which would be subject to world price. In the final solution of any farm program differences will have to be thought out for each crop, as they do not come in the same category, and what might work for wheat would not work for corn, etc.

Rainfall was moderate to quite heavy over the Southwest, and excessive rainfall has been general over Illinois, Indiana, and Ohio, with the prediction for some showers and thunderstorms over the week-end in parts of the Southwest, and heavy to moderate showers over the corn belt. These continual rains are very unwelcome and one message which we received from Enid stated that regardless of additional moisture, it will be ten days or longer before combines can operate only in extremely high spots. Chances are what will be threshed will be of poor quality, as a great deal of wheat in that territory is down. The Kansas weekly report stated that combining of wheat got under way to a limited extent last week in extreme southern counties, but that early yields from southeastern Kansas were generally below expectation, and wheat is low in test weight, although in spots some good to very good yields were reported from areas less affected by rain.

Markets were all very strong at the opening, practically all on weather conditions, but there was some buying of wheat on part of exporters. It was reported that Poland bought 3 cargoes of spring wheat and Turkey bought 3 cargoes. The 320,000 tons purchased by Brazil will all be shipped from the Pacific Coast. At noon-time the forecast became more favorable but still indicating some scattered showers in the Southwest, but clearing by tomorrow in Illinois and Indiana. This led to some selling in the market so that best prices of the day did not hold, except beans, which were very strong throughout the entire session. The cash wheat market in Kansas City was considerably lower than yesterday, and while it is hard to get figures in that market, it looks like premiums are about 10¢ per bu lower than yesterday. Tenders of corn up to noon-time were about 975,000 bu.

Primary receipts of wheat totaled 1,175,000 bu vs. 968,000 bu last week, and 4,017,000 bu last year. When the visible supply is posted on Monday it will compare with an increase last year of 5,099,000 bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 1, 1957

We are now starting on a new-crop year. According to the USDA the carryover on July 1st is expected to be 900 million bu, which would be 130 million bu less than a year ago. Total supply of wheat for the new marketing year is estimated at 1,888 million bu, or 8% less than the 2 billion bu a year earlier. However, these figures may be revised when the July government figures are released. This undoubtedly will indicate damage from the over-supply of moisture in the Southwest. This is the first time since 1952 that the carryover has been reduced, and it is estimated that exports will have accounted for 525 million bu compared with 346 million bu last year, and against the previous high record of 504 million bu in 1948. No doubt we will have to be contented with a smaller export figure this year, particularly in view of the fact that Prime Minister Diefenbaker of Canada stated recently that the wheat surplus in that country is one of the most pressing problems facing the new government, and that it would seem that the government and the Wheat Board may evolve some new policy to deal with the surplus. It seems to be a certainty that a country of around 16 million people cannot continue to accumulate surpluses such as they have done in the past.

During the month ended June 15th farmers' income increased about one point, or four-tenths percent. The higher prices were accounted for mainly from meat animals, fruit and cotton, while lower prices for commercial vegetables, grain and hay prevailed. However, the increase in farm prices was not sufficient to advance the parity ratio, as they were offset by higher prices for consumer goods.

The weekend witnessed additional rains in areas of the Southwest, which are very unwelcome at this time of the year. However, the corn belt was more fortunate. Some private sources are estimating that winter wheat prospects have declined as much as 70 million bu, but on Wednesday we will have a private report (the only one issued), and on July 10th we will have the government report. The Baldwin Elevator Co. reports that planting of soybeans varies from nearly completed in the central and northern sections to about half finished in the southern counties. In the latter continued wet conditions have kept farmers from completing their work. However, planting operations will continue for another two to three weeks, so much will depend on the weather during that period.

Nothing has been announced as yet from Washington as to the secondary loan on corn for non-compliance farmers and in the non-commercial areas. However, some sources believe that the government will not sit idly by and see a bad break in corn prices as a result of small participation by producers in the Corn Belt with the acreage allotment program. A record milo crop is in the offing, and feed grain supplies will tend to weigh down corn prices.

Messages which we had today from Kansas were rather mixed, although many still indicate that in sections wheat is being hurt by excessive moisture. The harvest in southwestern Oklahoma is about over, and the prediction is for considerably less than had been anticipated a month ago. One message from our St. Louis office stated that many believe most of the wheat in southern Illinois and Missouri, which is still in the fields, cannot be combined, and that much damage has occured. The same source also states that corn plantings are considerably under a year ago, and that some farms in low ground have not even been planted. Our Gilman office wires that crops are in fine shape and beans are on schedule, although corn may be a little late. Lincoln, Illinois, gave us about the same report.

According to The Southwestern Miller bakery flour sales were moderate to small over the weekend, most mills doing only a trifling business, and they are still awaiting developments.

Markets all opened with a firm undertone, but prices did not hold, although hedging pressure is at a minimum, and locals were the best sellers of wheat. Beans were also under pressure, but there was not too much market news today. Primary receipts of wheat total 3,246,000 bu vs 2,490,000 bu last week and 2,490,000 bu last year. Carlot receipts in Kansas City total 527, cars vs about 3,000 a year ago.

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CHICAGO, 4 July 2, 1957

There has been some talk of the Canadian government giving consideration to withdrawing from the International Wheat Agreement. According to one well-posted authority, it is doubted that any action will be taken. The present Agreement does not expire until 1959. Canada has had very little benefit from the I WA; in fact, it has been restrictive and a considerable nuisance, and had not helped in any way to augment overseas sales. According to Broomhall, Canada is the world's principal producer of high protein wheats, and that authority leans to the belief that the new Canadian Premier will seek some protection in the British market. However, millers probably would require assurance that Canadian wheats will be priced more competitively than they have in the past. The U K during the past season required a lot of export wheat from across the Atlantic on account of the bad harvest in Europe, and our neighbors to the North seem to have been perfectly content to let United States, Australia, and Argentina fill the gap. While no one looks for a restoration of a free grain market in Canada, it would help considerably if the wheat futures markets were to be restored subject to safeguards for growers so that overseas buyers could hedge their purchases. Many U K and Continent buyers would welcome such a development. There have been some proposals in Canada for a two-price systen, which would give greater flexibility of the surpluses. Apparently the time is ripe for a change in their farm program, the same as is the case in the United States.

According to the Department of Agricultural Economies at the University of Illinois, farm land in this state is slightly more than three times as high as it was in 1940, before World War II. In fact, land values in Illinois have increased about the same percentage as factory hourly wage rates – namely 210% since 1940. Farm price support programs have helped to boost land values. However, compared with 1940 today's dollar buys just about half as much goods and services for the farmer, while the factory worker will give less than one-third as much work for a dollar as in 1940. The new purchaser of land faces the fact that government is spending about $4 billion annually for farm price support programs, which do not seem to be solving any of the problems; therefore, any new purchaser now will have to assume the risk that Congress may trim federal farm programs and, therefore, restrict farm incomes and land values.

Overnight weather was mostly clear in the winter wheat area and the Corn Belt, although there were showers in the spring wheat states where mostly needed. Canada reports that in the western provinces the weather is mostly favorable but there are still substantial areas where moisture is required, and there are some indications that the wheat crop in Alberta will be smaller than a year ago. In our 30-day forecast, precipitation is expected to exceed normal over the Pacific Northwest and Northern Plains, as well as in the extreme Southwest. Sub-normal moisture is forecast for the eastern states and lower Ohio Valley, while the remaining part of the nation rainfall should be about normal.

We heard several opinions from southern and central Illinois that the oat crop is in very poor condition, some messages indicating that oats only run 19 to 21 lbs in testweight. However, the condition improves farther north, and we hear no substantial complaints from those areas. The report on wheat from the Bloomington area is rather spotty, while beans and corn look excellent. Some acreage has been taken out of corn and put into beans, and we would judge that if favorable weather exists for the next two weeks that the bean acreage will be quite large.

The visible supply which was not available until after our market letter yesterday, showed an increase in wheat of approximately 3 million bu, making total stocks 341 million, or 70 million less than a year ago.

While markets started out with a weaker undertone, there was rather general buying and short covering in almost all pits, with the result that wheat registered somewhat higher prices. Chicago free stocks of corn decreased 2 million bu last week, which induced some buying of that grain, as well as talk (which was thoroughly unconfirmed) that the private report tomorrow may be quite bullish on corn and beans. There is still only a small flour business taking place. According to The Southwestern Miller, there is some thought that the possibility of any large scale broadening in the buying pace may be deferred.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 3, 1957

The only private report which is issued was put out today by Mr. Galvin. It showed a total winter and spring wheat crop of 918 million bu, which compares with the last government report of 970 million bu. In other words, a reduction of about 52 million bu. His estimate on winter wheat crop is 57 million bu lower than the government figure of June, while spring wheat was raised 5 million bu. In some quarters his reduction was less than had been anticipated. He reduced Oklahoma 22 million bu from his previous month's report, Texas 7 million bu, Missouri 7 million, and Illinois 10 million bu. Nebraska was increased 6 million and Colorado 8 million. The government's June figures were higher than Mr. Galvin's, but should his figures be maintained it would point to a scarcity of free wheat unless prices ranged higher than the loan figures.

He places the corn crop at 2,909 million bu, which compares with a usage last year of 3,167 million bu. One of the dominating factors in corn will be the loan, if any, that is given to non-compliance farmers, as well as to those in the non-commercial territory.

His report indicated slightly over 22 million acres of beans for harvest. However, he places the condition at 80% compared with 90% a year ago. As to how much planting still is to be done after July 1st, we do not know, but the main factor in beans from now on will be weather developments.

His estimate on oats was slightly higher than a month ago, which came somewhat as a surprise, particularly in view of yield reports we are receiving from Central and Southern Illinois.

The Illinois weekly crop bulletin points out that 95% of the corn acreage has been planted, and planting is virtually complete in the northern half of the state, but only 75 to 80% in southeastern counties. Due to the wet weather the planting season has been delayed. Wheat combining is about 30% finished compared with 45% at this time last year, and the five-year average of 57%. The report indicates that much of the grain is lodging, and yields in many cases have been disappointing. Oats are nearly all headed throughout the state with rust more prevalent than usual.

Broomhall reports that rains over large areas of Europe have been in most instances beneficial. However, there has been some lodging where heavy rains have been experienced. High temperatures have stimulated growth in the central and western portions, and conditions are mostly satisfactory. In the U.K. warm, sunny weather has been beneficial. France has experienced general rains, with violent storms in areas, which have caused wheat lodging, but so far the damage has been slight. Conditions are reported as satisfactory in Western Germany and also satisfactory for harvesting in Italy, but rains will be needed before long for the later crops. Rains were rather general over Australia.

Present indications are for fair weather over the Southwest for the holiday period, and harvesting should expand considerably between now and the weekend Reports still are mixed as to the quality of the wheat. There was profit-taking in the market today, and some evening up over the holiday and rather long weekend for many traders. Flour business still remains quiet. According to The Southwestern Miller present prevailing costs are too much above the booking level of a year ago to warrant hope for any broad upsurge in volume for the time being. New export business in wheat seems to be lacking at this time. We would expect some increase in hedging pressure during the next week. Reports from the spring wheat territory remain very optimistic, and crop conditions seem to be excellent. Spot corn in Chicago sold at 3 1/4 to 3 1/2 over. We are still hearing of very light test-weight oats from southern Illinois.

Primary receipts of wheat today totaled 1,042,000 bu vs 1,118,000 bu last week; there is no comparison with last year as it was a holiday. So far this week Minneapolis and Kansas City wheat stocks show a net decrease of 123,000 bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 5, 1957

Last fall the hog-corn price ratio moved from an "unfavorable" 11 in September to an "above average" 13 in October, and since December has remained above the higher figure. This has been a widely accepted signal that many farmers would increase hog production; in fact, some observers have expressed the opinion that production might increase enough to cause a collapse in hog prices similar to that which began in 1954. At that time an increase in production of over 20% was registered in two years, with the consequence that prices declined by about 35%. However, this time, farmers apparently are being more cautious, and are holding increases within reasonalbe limits. The USDA's June pig crop report indicated that the 1957 spring pig crop is virtually the same as the 1956 crop, and in addition the number of sows to be farrowed in the fall period were indicated at only 2% more than the previous year. Marketings of hogs in recent weeks have been near year-ago levels, and it is expected that in the remainder of 1957 they will continue at the same, or a somewhat lower rate than in the corresponding months of 1956. However, prices received by farmers for hogs have been maintaining a $1.50 to $3.00 margin above a year ago, and with prospects of continued strong consumer demand and less beef in the second half of the year than in 1956, prices may continue to average about the same or somewhat higher than a year ago into the winter period. Price prospects in early 1958 are also fairly good if farmers' intentions for fall sow farrowings are not exceeded. However, these intentions of course can be and often are revised. This year farmers' plans could be less settled than usual due to delayed corn planting and the uncertainty surrounding price support of non-compliance corn.

At the 35th Congress of the International Association of Seed Crushers held in Italy early in June, a summary of the world's fats and oils situation was presented, which in part stated as follows: "It would appear that temporarily world production is leading consumption ... However, this lead is rather precarious. It is first of all based on the assumption of normal crops in the USA during this summer, particularly for soya beans... In global figures world production has increased in the post-war years from about 17-1/2 million tons in 1946 to 29 million in 1957. A most remarkable rise of nearly 12 million tons in 12 years. It is a comforting thought that the world is able to provide so generously over ever-increasing requirements. However, comparing with these figures, a temporary accumulation of some half-a- million tons need not give rise for concern.... If we have one year of no increase in production world consumption would quickly take the lead."

When our market opened there was no particular news to guide it. Weather Southwest has been good for the most part the past two days, and harvesting operations have expanded. However, harvesting is still not general over most of the area, but operations should increase over the weekend and next week. There is large variance in reports on yields and quality. In the Hutchinson, Kansas, area, for example yields vary from 15 to 30 bu, with a considerable amount of light testweight /wheat showing up. At Norton, Kans. harvesting should become general over the weekend, and on what has been cut moistures have run from 13 to 15% and testweight 60 lbs. Trenton, Mo. reports harvesting in full swing, with very good yields and good quality. Independence, Kansas claims local harvest is no more than a salvage operation, but farther north wheat looks somewhat better. At Hastings, Nebr. harvesting is geting under way, reports so far indicating testweight of 57 to 60 lbs, and moisture 13 to 15%. A report from St. Louis stated that harvesting is virtually completed in sections of southern Illinois, with yields running from 1/3 to 1/2 of normal .

Primary receipts of wheat were approximately 3 million bu compared to 1.1 million bu last week, and 4.3 million bu a year ago. So far this week wheat stocks in Kansas City and Minneapolis have increased 42,000 bu. When the wheat visible is posted on Monday it will compare with an increase last year of slightly over 13 million bu.

Wheat was under pressure, and in addition to some actual hedges being sold it is likely that some anticipatory hedges were placed as well. Oats also were lower, but beans were firm with most strength being exhibited in the September contract. It was reported there was strong bidding for soybeansdelivered the Gulf. Rye was also firm.

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CHICAGO, 4 July 8, 1957

Many economists in discussing the national debt point to the fact that it has been held pretty well in check during the post-war era, and that the Federal debt only rose about $28 billion, or 10% from 1946 - 1956. On the other hand, when we combine public and private debt we learn that it now totals $684 billion or more than $4,000 for every man, woman and child in the nation. The increase during the past year was $28 billion on top of the gain of $49 billion in 1955. The upward surge of the post-war decade has been large, indeed, due to the fact that our states and municipalities have enlarged the scope of their borrowings. Peculiarly enough, debt is often very popular during periods when prices are rising and the inflationary spiral makes it appear as though the era of prosperity were being greatly accentuated. However, rise in both debt and prices creates an element of instability, and we should realize that we are facing a most serious challenge to our financial management.

Before our market opened thismorning there was not too much news, except that weather in the Southwest had been fairly clear, and this was regarded as favorable as farmers were enabled to carry on harvesting operations, which had been so long delayed. There were a few light showers in eastern Kansas, but elsewhere in the Southwest it was fairly dry. There was some rather nice rainfall over portions of the Canadian Provinces, and in our Northwest over the long weekend. There were also some scattered showers over Iowa and in parts of Illinois and Indiana with a heavy downpour of rain around Watseka and Sheldon, Illinois. The forecast is for unsettled conditions in the Corn Belt for tonight and probably Tuesday, and there are also a few showers likely for the Southwest, but mostly in the eastern sections of the Belt. It seems that weather is extremely hot over parts of Europe, although friends tell us that this is not expected to do much damage at this time of the year. In Western Canada the season is progressing, but there are still some very important areas that have not yet had sufficient moisture.

Our markets gained a little momentum as pressure in all pits was light. According to the Baldwin Elevator report, the oat crop in Illinois is showing up far worse than had been expected, due to rust and wet weather. They say if any good quality oats are harvested they will probably go into growers' bins on farms, or be absorbed by trucker demand. There is general hope, however, that improvement will show up as harvesting becomes more general. As for corn, the height of the plant varies from shoulder high to just coming through the ground, and color seems to be good except in spots that have had too much water. Corn is, however, making rapid growth, but weeds are becoming a menace, and the crop, they say, cannot be expected to come up to recent record years, all of which had already been confirmed in the private report of last week. Beans are making rapid growth and are clean in fields that could be cultivated. With favorable weather during the growing season the crop could make a nice showing, and it is our feeling that with the large acreage there should be improvement from this time onward if we get a period of normal weather.

Chicago wheat stocks increased 648,000 bu to a total of 1.6 million bu, corn also increased, and the total stock here is now 25.6 million bu. There was hardly any change in oat stocks, but rye went up considerably due to imports from Canada on which duty was paid. We now have a little over 2 million bu here in Chicago. There is still, however, 1.7 million bu carried in bond. Beans showed a small increase of 153,000 bu, and now total 2.8 million bu.

Markets all became very strong, and there was hardly any pressure, while reports from the country would indicate there are some disappointing yields so that possibly the final winter wheat result may be poorer than was indicated by the private report last week. Later on the market ran into stops. During the session there was a government report on cotton, which was not quite as bullish as had been expected. However, with a smaller crop it will take about 25 million bu more soybeans to make upfor the reduction in crude oil, and this was construed rather bullish on the market despite the fact that oil was quite indifferent and hardly moved. It is very likely that the P L 480 program will be passed shortly. Corn and rye were stronger. The trade still has in mind that the corn crop will be smaller than our domestic requirements and that we may, therefore, have to dip into government reserves as time goes on. Rye continues to present a satisfactory picture from a statistical point of view. The small imports are relatively unimportant considering that our carryover is so much smaller than a year ago.

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CHICAGO, 4 July 9, 1957.

The Department of Agriculture forecasts that the per capita consumption of meat during 1957 will be 159 pounds. This is still a very high figure, indicating a prosperous era, but yet a reduction from last year's rate of 167 pounds, which was a record for all time. If consumer income stays high the Department believes that prospects are fairly good for this year's improved price level to staywith us for another year or so. Cattle prices, inparticular, may hold up well and possibly rise further, while the pig crop intentions seem to assure sustained hog prices during the summer of 1958. They do believe, however, that seasonal trends may be expected and that prices of hogs will likely decline as much as usual this fall and more than last year. The corn-hog ratio is about 4 points better than it was a year ago, which will, of course, encourage feeding operations, and with this in mind we feel that if the corn crop turns out to be only 2.9 billion bu, as was indicated privately, that we shall have to dig into our reserves. There should be no trouble on that score, as the carryover will probably be the largest that we have ever had, but with respect to price relationship it may mean that finally corn will have to reach a level so that smaller amounts will be impounded from next year's crop.

Before our market opened this morning there was not too much to guide it. Overnight weather had been quite satisfactory, and it looks as though there would be nothing serious to impede harvesting operations, although some scattered showers are indicated for parts of Kansas and for Texas, while some unsettled conditions are likely also in the Corn Belt, but mostly in the southern areas.

After the close tomorrow we shall have the July government report - which undoubtedly will show a very heavy reduction in wheat prospects as compared with last month. The figure may be even slightly below that of Galvin's judging from harvesting reports and some of the low yields that are being reported rather generally. The corn figure may be in line with those of the expert, although if normal weather conditions prevail it is quite likely that the final yield may be larger than the one to be given tomorrow. As for beans, it is too early to have definite convictions, except that the acreage is large; therefore, we may have more than the 425 million bu crop which now seems to be in prospect. In the meantime, however, there is very little pressure in beans from commercial sources, although there was some profit-taking after the opening this morning after several days of higher prices. New-crop beans are selling at about the loan level, and even assuming that only a crop of 425 million bu will be raised there is bound to be some selling from first hands after harvest, and even if there should be a close adjustment later on, it might not be reflected until much later in the season unless exports should be unusually heavy due to help from P L 480 operations. As for crushings, the monthly quantities may reach about the same figure as last year, which was practically capacity, so there is no particular change indicated in that direction.

Primary receipts of wheat were larger at 5-3/4 million bu, which compared with only 1.4 million bu last week and 4.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 447,000 bu. The visible supply, which was late in being posted yesterday, showed an increase of over 4 million bu, but the total of nearly 275, million bu in the various markets is nearly 80 million smaller than in 1956. The corn decrease of 382,000 bu still leaves the visible 76.4 million bu greater than last season. Oats showed a small decrease, and beans increased 220,000 bu to a total of 5.5 million bu, which is only about half as large as last year.

Early in the session there were some reactions, but they did not extend far. Some selling by locals was followed by short covering when the Kansas City wheat market strengthened, and there was a good deal of activity with the price boosted to well above last night's close, at which point there was profit-taking. A slight increase in flour business had been reported, but general participation is still disappointing.

The weekly crop and weather bulletin was rather optimistic on conditions over the Corn Belt, and that cereal was extremely indifferent. Towards the last there was some liquidation of the July by commission houses and profit taking in other months. The whole market appeared to have gone from an oversold to an over-bought condition, and might be more two-sided at this level.

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no.
ation of any order to buy or sell but merely a current market bulletin, any statements of fact herein contained are derived from sources
at are not guaranteed as to accuracy, nor do they purport to be complete. No responsibility is assumed with respect to any such statemen
expressions of opinion herein contained.

Beans were strong after some hesitancy early, but there, too, realizing sales came into the market, with the result that best prices were not maintained.

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CHICAGO, 4 July 10, 1957

Two important decisions were made by the House yesterday. The first was a complete reversal of earlier action in continuing the Soil Bank and acreage reserve program for another year. The House also approved and sent to the Senate a measure that would continue the PL 480 program for another year. In taking this action it means that nearly $3.7 billion for various farm programs has been appropriated during the past 12 months, and it makes possible a continued small acreage, which has been Mr. Benson's method of trying to solve in part at least the surplus problem.

In carrying out the various measures that have been instituted by Congress we must look forward to artificiality in the general price level of agricultural products. Many of our legislators fail to realize that price represents one of the most efficient communication devices ever invented. The price system has two outstanding features. First, it is by all odds the most efficient system of social organization that has ever been conceived, and it makes possible for huge multitudes to cooperate effectively. Many people who hardly know each other may take individual action even though they are unaware of each other's existence, or their personal attitudes, which in certain cases may be indifferent or even hostile. Secondly, it affords a maximum of individual freedom, and a minimum of coercion. In the normal course of business one does not need to know why the price went up; the fact that it did go up tells him to try to use a little less, or it tells him to produce more of the commodity, and just how far he should go in his efforts. Under a managed economy these normal forces are lost, and it is for that reason that agriculture has been drifting toward a more socialized trend.

Before our market opened this morning there was not too much to guide it. Wheat futures opened a little lower, but when Kansas City prices advanced there was some buying here, which gave us a little firmness. The overnight weather had been reasonably satisfactory, although heavy rains were reported around an area in the Topeka, Kansas, district. As much as 6 inches of moisture fell in one or two places. The outlook is for temperatures slightly above normal, with scattered showers and thunderstorms for eastern portions of Kansas and Nebraska, but elsewhere Southwest, it should be fair and continued warm. For the Corn Belt there will also be a somewhat unsettled condition, with scattered showers Thursday accompanied by higher temperatures. In the spring wheat area a few scattered showers are anticipated, and also warm weather. The crop outlook remains quite favorable in the Canadian Prairie Provinces, with some important exceptions. Moisture conditions and the general outlook are generally above average in Manitoba, but this is the smallest province. For Saskatchewan and Alberta, conditions are more variable, with some moisture deficiency, which is resulting in slow development of crops. Thus far cold weather has retarded deterioration but general rains are urgently required in the dry regions to produce a satisfactory crop.

Primary receipts of wheat were a little over 5 million bu, which was somewhat bigger than last year and compared with only about 1 million bu last week. Kansas City and Minneapolis stocks so far this week show a net increase of 810,000 bu.

Trade was not particularly heavy as there was a pausing tendency with the government report to be issued after the close. There were a number of reports that were a little disturbing -- one telling of a very heavy rain around the Topeka area that had considerable influence on the Kansas City wheat market, which in turn influenced some flour business, and also affected us. We also were told that there were about half million acres in Indiana which had been inundated, and that losses would be heavy due to floods with recent weather claimed to have been the worst in Hoosier history. This report came from the Chairman of the State Agricultural Stabilization and Conservation Committee, and he said that the losses had been greater than officials had anticipated. Most of the state reports told of lateness of the crops, which included Iowa. That state probably has a better prospect for corn than any of the others, although Minnesota still has a favorable outlook. Beans made little headway in either direction, and there was some hesitation on part of bulls after the recent sharp advances which have occured. There is no doubt but that recent weather has been very good, but beans, like corn, are late, and the crop is variable, depending upon locality. Corn was somewhat lower. There was some pressure from the Northwest, but altogether a rather quiet market. Rye prices were very strong, mainly in sympathy with the sharp upturns at Winnipeg.

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CHICAGO, 4 July 11, 1957.

After the close of the market yesterday the July crop production figures were published by the government. They pointed out that the total crop output this year probably will be the smallest since 1951 due to weather hazards, late starts and reduced acreage owing to the Soil Bank Program. Actually the total acreage of 59 crops planted, or grown, is estimated at 333 million acres, which is 13 million less than last year, or the lowest in 40 years.

The estimate on winter wheat for a possible crop of 715 million bu is only a drop of 20 million bu since last season, and was less than had been anticipated. However, it should be noted that the five principal southwestern states, comprisin Kansas, Nebraska, Colorado, Oklahoma and Texas, have a prospect of 39.1 million bu less than last season, while the soft winter wheat states, including Illinois, Michigan, Indiana, Ohio, and Pennsylvania, look to be some 18.3 million bu smaller. There are offsets in the Pacific Northwest, with Montana and Washington together having an indicated yield of 107.6 million, which would be about 44 million bu greater than last season. This wheat, however, is not often moved into eastern zones, nor is it very often hedged. Therefore, chances are that it will be exported again. Altogether, it means less pressure for the commercial market. In any event, the trade had been prepared for a winter wheat crop of only 680 million bu, and by comparison the official forecast was construed as somewhat bearish.

The corn crop was estimated at 3,102 million bu. This is a very sharp reduction from last year's return of 3,451 million bu, but even this did not have a bullish impact on the market, as a smaller yield had been expected. Furthermore, the feed grain situation generally is somewhat bearish. Sorghum acreage is about 49% greater than last season, and about 78% above the ten-year average. Furthermore, a record hay production of nearly 120 million tons is the forecast for 1957, which is 10% greater than the 1956 production, and 15% more than average. Alfalfa and alfalfa mixtures are expected to be the largest on record, while pastures generally are the best since 1951, which was a previous record. It should be borne in mind however, that the corn acreage is nearly 5 million acres smaller than last season and 10.4 million below average. Moreover, corn planting was much later than usual in nearly all important areas because of frequent rains and flooding of low lands during the normal planting season. The crop, therefore, needs consistently good weather in order to approach the large total of recent years, and while prospects are better than last year in much of Iowa, Kansas, Nebraska, and South Dakota, there are offsets in Illinois, Indiana, and low areas in other states mostly to the south. Many early plantings made slow growth, and there are still some handicaps to overcome.

A much larger oat crop than last year is in prospect, and it looks as though the ten-year average would be exceeded, while barley production will be an all-time record, swelled by high yields in northern and western states on the largest acreage since 1942.

There was less wheat left on farms than a year ago. Oat stocks are down to 192 million bu, which was the lowest for this date since 1950. On the other hand stocks of corn left on farms was 13% larger than a year ago and one-third above average. Barley stocks were 5% higher than last year, and 13% above average. The rye crop was estimated at 26.4 million bu, which was higher than both average and last season; thus output should be about 20% above average, and 23% larger than in 1956. There was no production figure for soybeans, but a recor acreage was planted, with about 21.6 million acres to be harvested if growers carry out present intentions.

Statistics were of no particular note. Markets in the main were weak, particularly rye and oats, influenced by the higher government figures. Wheat also declined, and while flour sales are small, we have heard it expressed that some large flour business might be put through soon, possibly around the week end, but volume is not expected to be anything like the heavy concentrated purchases of last season. A moderate amount of wheat was booked for Chicago, but the Illinois crop is so much smaller that we doubt whether accumulations here will be heavy. Furthermore, more wheat is being moved in other directions. Beans held relatively well. There apparently was some short covering during the early part of the session and not much selling pressure later. Weather is clear and hot everywhere, and rather high temperatures are being reported in the spring wheat areas.

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CHICAGO, 4

July 12, 1957

The official estimate of stocks of old crop wheat in all positions as of July 1st will be released on July 24th. The bulk of the carryover again will be held by CCC. Chances are that the reserve stock will be in the neighborhood of 900 million bu, which would be a cut of some 130 million bu from the year earlier. It will be the first substantial reduction in the carryover since 1952, and with heavy exports and smaller production this was almost a foregone conclusion. Nobody can tell at this time how heavy the disappearance will be in the season ahead. Domestic utilization is estimated at about 600 million bu, and despite our population growth there does not seem to be much change in home usage. If exports exceed 340 million bu, the carryover reserve one year hence will again be cut, based on the last crop estimate. In other words, domestic disappearance of 600 million bu, plus shipments of 340 million bu would just equal the amount of wheat which we are apt to raise. The USDA had forecast earlier that we might ship as much as 400 million bu. This is somewhat problematic, owing to the fact that Canada will have the largest reserve stock in its history, and a figure of 670 million bu is now being mentioned, with nobody knowing exactly what efforts will be made by our northern neighbor to compete on a heavier scale than was the case during the past crop year.

John Diefenbaker, the new Conservative Party Prime Minister, of Canada, just returned from London a few days ago, and at a press conference described the surplus disposal of the U. S. government as a "fire sale" disposition, which he said violates the general agreement on tariffs and trade. The Premier stated that consideration has not been given by his government to the various suggestions that Canada seek an agreement with the United States for participation in the Surplus Disposal Program on a quota basis. The Parliament may be convened October 14th, and therefore, it is not likely that they will take drastic steps before that time. Mr. Gordon Churchill, the new Minister of Trade and Commerce, has been holding a series of conferences on the problems of wheat. These, however, were purely exploratory, and no intention of a change has been made. There has been a proposal facing the new Minister of the Conservative Party government, which involves an inauguration of a two-price system.

One thing is certain: namely, that Canada faces even a more serious surplus problem than we do in this country, and with only 16 million inhabitants and a domestic consumption of 160 million bu of wheat, they must have an export market as long as large crops are being produced.

We had some advices this morning that the crops in Manitoba had progressed fairly favorably during the past week, and that there is a chance for a better than average crop at this time. In Saskatchewan, there are areas that show signs of deterioration. Rain will be required, and better than average growing conditions to maintain the prospect in parts of the Province, that have not had enough rain. Altogether Saskatchewan has shown excellent progress and general conditions are comparable with those of last year at this time when the outlook was bright. In Alberta the crop is much more spotty and uneven. The southern half of Alberta shows excellent progress and if conditions are maintained a bumper crop is possible. However, there are areas in the central and eastern portions where lack of early rain is showing up and deterioration has occurred in some places. On the whole, however, the province has a prospect for a fairly good crop. The Peace River area has had excellent rains, and in that section conditions have improved greatly.

Primary receipts of wheat amounted to 5 1/2 million bu which compared to less than 3 million bu last week, and 4.8 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1.1 million bu. When the visible supply is posted on Monday it will compare with an increase last year of 2.6 million bu.

The weather forecast was for some more showers Northwest, and an unsettled condition in northern sections of the Corn Belt without unduly high temperatures. Nevertheless, beans were the star attraction. There was a good deal of short covering, with offerings extremely light all the way up. Old crop bean futures did not go up in full sympathy, but were likewise strong. Oil prices were higher, and meal was also up, but heretofore the products have lagged. Wheat was naturally influenced by the great strength in beans, and was firm, but there was no big buying; in fact, we noted some hedging. December corn was firm, but other future were mostly lower. Rye was on the weak side.

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CHICAGO, 4 July 15, 1957.

The Spanish wheat crop with a harvest of 155 million bu is a likelihood and would be the same as in 1956. This is a little more than had been predicted earlier and if borne out, would mean smaller import requirements. The Spanish agricultural system is entirely Socialistic in its form. No farmer is allowed to reduce acreage unless he gets permission by government consent. After the crop is harvested he must sell to the government's National Wheat Service at a specified price **all** wheat that is producedover and above quantities that are required for his own use. Each farmer may retain for seed as much of each crop as he will actually need for the sown acreage that has been prescribed for him. In addition, each farmer may retain for food purposes not over 250 kilograms which amounts to 551 pounds of wheat for himself and each of his permanent laborers. He may also retain a maximum amount for each member or servant of the householdproviding that person is living with him for at least 300 working days during theyear. In the case of temporary laborers, other rationing takes place.

For the importation of wheat the Spanish Department of Commerce sets the amounts that shall be admitted. After a successful bidder has imported a quantit of wheat and paid for it, he must turn it over to the National Wheat Service at the price specified in his bid. The National Wheat Service will then sell all domestic an imported wheat at prices equal to those paid plus a profit of about 7.1¢ per bu. Tha profit isused to defray the handling of grain. A federal agency also controls operations of the flour milling industry. The government's food supply and distribution agency determines the types of flour that shallbe used in bread baking. Here is a good example of what can happen to a country where the government starts in a small way but gradually takes over completely. Even if a farmer raises a large surplus of wheat, he is not allowed to feed it to his cattle unless he canprove to the government that he lacks an adequate supply of feed grains, and then only by permission of the Ministry of Agriculture may he use a #5 grade for feed orother whea that may have deteriorated.

Before our market opened this morning we had reports of very heavy rains in isolated parts of Illinois and in some places 5 inches or more had fallen, and this was somewhat contrary to the forecast last Friday which had only predicte that there would be showers over northern sections of the corn belt. 3 inches of rain were reported at Gilman but as much as 6 inches around Watseka, Sheldon, and about the same at Vandalia. There were good rains over the spring wheat area where needed. These rains, while rather local, had some influence on both corn and beans, particularly as the meal and oil markets were strong before the/bean market opened. There is also a good deal of conjecture now as to whether the carryover supply of beans will be as large as had been previously anticipated, but in spite of this the July future lost more ground on September, and the two futures sold at about the same price. On basis of the expanded bean acreage, a crop of 430 to 450 million bu is being discussed, but USDA also makes mention that with a smaller cotton crop there will be losses in cottonseed production and that this in turn will be reflected in the bean market by an equivalent of about 25 million bu of beans.

Chicago wheat stocks during the past week increased 2 3/4 million bu, bringing the total to 4.4 million bu. There was an increase in the corn stock locally of 294,000 bu, so we have nearly 26 million bu here. Oats showed a small decrease, there are hardly any oats in this market. The rye stock increased 1.7 million bu to 3.8 million bu, and there is nothing left in bond.

Markets were all very strong early, and beans in particular rose, as more short covering took place. However, the government must have sold fairly liberal quantities of beans which were hedged mostly in the September future, and the market finally gave some ground. Furthermore, the Baldwin Elevator report was somewhat bearish, and spoke of soybean plantings as nearing completion. They also said that considerable acreage intended for other crops had been switched to soybeans, and it would probably be another month yet before the actual bean acreage could be determined. The color of the plant is good, and is making nice growth with the early plantings starting to bloom. It was difficult to say just why wheat was so strong, as there were fairly liberal receipts in the Southwestern markets, including Enid, Kansas City, etc, and the KC futures market was quite indifferent. Moreover flour business was small over the weekend, and the trade is showing wide-spread resistance to the advance. Rye prices were very strong, but some reaction took place when other cereals weakened. December corn was strong all during the day, although old-crop futures were inclined to be relatively weaker.

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CHICAGO, 4

July 16, 1957

Based on past experience this is not normally a time when traders do very well when they pursue the short side of the corn market. The usual trials and tribulations with either hot, dry weather during periods of tasseling, or in some cases inability to properly cultivate the crop, so that weeds become wide-spread, are apt to cause nervousness, and it is not until about August 8th that the crop is said to be made. Even then one must be prepared for possible early frosts, but the average killing date for this section of the country is October 8th, and only on about four occasions since we can remember has a killing frost overtaken the crop prior to mid-September. This year, of course, we have a different situation than usual owing to the fact that the government has estimated the sorghum planted acreage at 27.1 million. According to a survey made by Quaker Oats, final plantings might even be larger, and they believe that a crop of 400 million bu, or even more, is a possibility. The feed value of a bushel of sorghum is equal to that of a bushel of corn. Therefore, when we take corn and sorghum together, not to speak of hay, oats, and pastures, there is nothing too bullish in the general feed situation, although the disappearance of feed grain might be quite heavy this year, based on the USDA forecast for rather high cattle numbers. Moreover the corn-hog ratio as of July 13th was about 50% more favorable than a year ago, all of which would tend toward a large consumption of corn.

There was not too much in the overnight weather, although some rainfall was reported over portions of Minnesota, central Illinois, and Missouri, while elsewhere generally fair weather has prevailed. There probably will be some scattered showers and thunderstorms this afternoon and tonight in the spring wheat areas, and some scattered showers over the corn belt, but apparently not the heavy deluge that we had last Friday. A few scattered showers, but mostly local in character, are expected in eastern Kansas this afternoon, accompanied by high temperatures.

Referring again to the Quaker Oats report both corn and soybeans have made excellent progress since July 1st, and high temperatures of the past week have caused both of these crops to "really jump". They figure that the government estimate of 3 billion bu could easily be increased if satisfactory weather conditions continue during the next month. Their comment on oats is highly optimistic, although they claim that harvest will not start before the latter part of July. Yields of 100 bu per acre will not be uncommon throughout a large territory, and high testweights are also expected. The only poor oats that their expert found were in central Illinois and Indiana, and there the crop deteriorated because of excessive moisture. While a large percentage has been planted to Clinton oats, which are susceptible to rust damage, fortunately, however, this variety is not being raised to any extent in northern Illinois, or any of the other north central states. Many crops still have more than half of the unpredictable growing season before them. Last year in July crop conditions pointed to a cut of 3% in output, but when the last field was harvested at the close of 1956 the tally showed a harvest equal to the record years of 1948 and 195 We mention this to show that either improvement or deterioration is likely from now until the final count is made.

The Saskatchewan Pool report showed a very sharp decline in the condition of wheat last week, with 16 points shown for wheat, while oats went back 17 points, and barley about the same. There are substantial areas in Saskatchewan and also Alberta, where rain is urgently needed.

The visible supply of wheat increased 13.6 million bu, and has risen to 228 1/2 million bu, which is still 68 million bu smaller than last season. Corn decreased nearly 2 1/2 million bu, and beans decreased 560,000 bu. Today's primaries were about as large as any on the crop at 7.2 million bu, but there was hardly any pressure. There was considerable buying of wheat futures, partly because of light pressure and also due to the Occident report which told of the wheat plant in the Northwest suffering. July wheat was the feature, and it gained on the other months. There was also a Saskatchewan Pool report which spoke of a 16 point drop last week in the condition of wheat in that Province. Best prices, however, did not hold. Flour business remains very dull. July bean futures were fairly strong due to CCC increasing price of their offerings, but the deferred months did not hold early advances and closed lower. There was fair buying of December corn, but also some profit taking. Many people are calling attention to the fact that corn prices, even after the advance, are far below last year's level at this time.

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CHICAGO, 4 July 17, 1957

Secretary Benson has urged Congress to treat corn the same as it does other livestock feed grains, and to discard production controls and let price supports drop to 60% of parity or lower. The Farm Chief has already stated on several occasions that he was desirous of cutting corn props, which was contrary to sentiment often expressed by farm bloc leaders. Even his foes, however, have conceded that city voters are growing a little impatient with the heavy spending to aid farmers. With the advocated lower supports the Department has promised savings for consumers and taxpayers alike. Cheaper feed, according to the report, would boost production of hogs, cattle and poultry, thus bringing about some cuts in meat prices.

For some time now it has been apparent that the corn program could not be effective unless the price of hogs were likewise supported, as a large percentage of the corn is used for hog feeding. The accumulation of corn has been increasing and by the end of the crop year we shall have nearly 1 1/2 billion bu in the reserve. A large percentage, as in wheat , will be in government hands, and the USDA has just reported that more than 475 million bu of corn had been placed under price supports through June 15th. This compares with 420. 3 million bu on the previous crop. It is somewhat of a contradiction to cut the acreage on the one hand, and to continue research on the other, as we are presently spending $143 million a year on various research projects. Mr. Benson has been going from one town to another across the Nation citing the advantage of further measures for education and research in order to produce better and bigger crops. Muchof this, of course, is a forward step, not necessarily to take care of present needs, but it is generally felt that by the year 2000, according to actuarial study, there may be from 250 to 260 million people in the United States. There is no longer the opportunity as there was in the past of expanding acreage. Thus, as Mr. Benson puts it, in the future the big gains in farm production will come through applying knowledge to the land that we now farm. Hybrid corn has done more to raise thestandards of all of us, farmers and city people alike, than perhaps any agricultural development this Century, save the mechanization of farming itself. The same government that uses tax funds to restrict production and boost farm prices simultaneously attempts to increase yields per acre, and to improve the techniques of farm management to give us higher yields. Tax-supported colleges and experiment stations, along with USDA's own vast field forces are spreading the findings of their research on matters such as disease resistance, better fertilizing opportunities, improved seed, better preparation of seedbed, the importance of insecticides and weed control, not to mention many other items.

Before our market opened this morning there were reports of some rather heavy rains over parts of the Corn Belt, principally central Illinois, and precipitation was favorable for eastern portions of Iowa, parts of Indiana, while in the Southwest it was generally fair, with high temperatures. There were some nice rains also in the spring wheat areas, and the forecast is for some scattered shower and thunderstorms tonight and Thursday, with somewhat lower thermometer readings. In the Southwest it will be mostly fair, and hot tonight and Thursday. The Corn Belt is expected to get some showers, and there willbe thunderstorms tonight and Thursday, while the five-day forecast is also for unsettled conditions.

Primary receipts of wheat were pretty close to 5 million bu, which was about the same as last week and compared with 3. 8 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of about 800, 000 bu.

Markets were all rather strong early, but yielded some ground as profit-taking set in. Reports we get are that there may be further deterioration in the soft winter wheat states, and altogether state reports were not too optimistic. Illinois, due to heavy flooding in certain areas, has sustained damage, and even in Iowa the corn crop, while good, is said to be variable insofar as progress is concerned. In Minnesota, both corn and soybeans are late, although warm, humid weather during the week was helpful. In Nebraska, weather conditions have been ideal for corn development, but there, too, there is considerable variability. The need of moisture is being mentioned in the Southeast of Nebraska, in order to make normal growth. July wheat was again slightly the stronger, but the deferred months lost most of their early gains. July and September beans were higher, but new crop futures, which were strong early, eased off toward the last. There was a little better buying in both July and September corn, but new crop futures were finally lower. Rye was strong early, but later selling took the edge off the market. The close was weak with Winnipeg off sharply.

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CHICAGO, 4 July 18, 1957

According to the Department of Agriculture, farmers during the first half of 1957 were having a more prosperous period than the year before, and their realized net income was about 2 1/2 percent higher. Actually 1956 was not such a bad year, since farmers netted over $12 billion, which was by no means a record, as the peak occurred in 1947, when their realized net income was $17.1 billion. Nevertheless, when we look at the gross income, which was $33.8 billion, this was a rather high figure, and actually it had been exceeded only four times in history. However, production expenses, because of inflationary tendencies have been mounting continually, and last year amounted to $22.2 billion, which was the largest on record except in the year 1952.

The farmers' cost of doing business amounts to about $15.6 billion, but this includes only current operating expenses, to which must be added other items such as $3.8 billion for depreciation and $1.2 billion which is the tax on farm property. These latter two items are a high for all time. Then, there is also farm mortgage expense of $429 million, which is a rather high figure, but it has often been greater. When we look at the gross income per farm, last year it amounted to $6,924 which was a new high. It came about, however, partially because of a reduction of the number of farms in this country. There are now only 4,964,000 farms in the United States which compares with a high of 6,814,000 farms in 1935. What has been happening since that time is that the smaller farms have been absorbed, and agriculture, because of the large outlays is now big business. It does not pay the little fellow to buy machinery and equipment unless he has a big acreage.

In detailing the above, we have not included government payments, which last year amounted to $554 million. This, of course, swelled the total income, which our agricultural people enjoyed, although when it was divided amongst the farmers of the country it only amounted to $112 per farm, and therefore is not as important an item as is generally supposed to be the case. If we take these benefit payments into account it naturally increases the gross income for all farms of the country to a figure of $34.3 billion. This is considerably larger than for 1954 or 1955, but it is still less than the record high of 1951 when it amounted to about $37 billion. On the other hand, it far exceeds the low figure of $6.3 billion that was reached in 1932, when we had the severe agricultural depression. Since that time income has gradually, but steadily gone up.

Late yesterday we had a telegraphic report from Ottawa, which confirmed rapid deterioration of crops in Saskatchewan and southern Alberta. Since that time they have had rains; however, they were spotty and by no means general. There was some nice moisture in our Northwest, but it came too late for some wheat which is about ready for harvest, but should be helpful elsewhere. Over central and southwestern states skies were clear, and there was no moisture. Here in Chicago estimated carlots of wheat were only 167, and we are not getting the accumulations that had been anticipated. Mills and elevators generally are complaining that it is hard to build up Chicago stocks. This is being reflected in July wheat which remains relatively strong.

Broomhall's European crop summary spoke of mostly satisfactory weather for maturing and harvesting of crops over the Continent. However, intense heat in France has caused some scorching, while storms in other areas resulted in lodging. Despite the setbacks sentiment is optimistic and harvest should bring satisfactory results.

Primary receipts of wheat were 4.6 million bu, which compared with 5.2 million bu last week, and 3.5 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 972,000 bu.

Corn and beans showed more activity than some of the other commodities. Wheat was not particularly active, although family flour business has been better lately. July and September beans were very strong early, and later on the new crop futures were also bought on pessimistic reports from the growing areas. An Agronomist, formerly with the University of Illinois, after a two weeks trip found conditions in southern Indiana and southern Illinois very poor, and said there would be considerable acreage that finally might be cut for forage and green beans. A leading feed manufacturer was a/very large buyer of September corn, and there was also good deal of buying of September against sales of December on a spread basis. Portugal was reported a buyer of a cargo of red wheat, and Israel is expected to buy two cargoes of milo shortly. Altogether markets had a much better undertone except that wheat was neglected.

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CHICAGO, 4 July 19, 1957

The carryover feeling from yesterday was somewhat bullish. Late yesterday the Winnipeg Free Press report was issued, and it showed considerable deterioration, particularly in Saskatchewan, but we heard from one of our friends in Winnipeg that the data was compiled before the recent favorable rains occurred, which had probably checked deterioration over large areas, and which had come at a most opportune time. Nevertheless, wheat prices, which lagged yesterday firmed a little this morning, probably in sympathy with the sharp upturn in beans and some hedge buying against family flour business. There were also some hedges placed, and it will not be long now before we have some pressure from the movement of the spring wheat crop. Wheat prices are actually a little higher than they were a year ago at this time, which is not surprising in view of the reduced carryover and prospects for a somewhat smaller crop. Moreover, we believe that we have just about raised enough to take care of domestic consumption, plus exports; therefore, if impoundings are heavy we are apt to have an artificial situation as time goes on.

Corn is considerably lower than it was a year ago, but this also is understandable owing to the fact that while the corn crop probably will be considerably smaller, other feedstuffs are plentiful. Beans are selling at about the same level as they did last season, and there are all kinds of reports as to the possible size of the crop, but end products are selling for less money than they did in 1956, with meal prices considerably lower, and soybean oil little changed from the season before.

The trade still had in mind yesterday's sensational comments that came from Prof. Hackleman, who was formerly associated with the University of Illinois, and who is now with the Illinois Crop Improvement Association. We tried to get confirmation from some of our own offices but failed to obtain anything like the pessimistic views which this expert had expressed. For example, St. Louis told us that reliable grain people in southern Illinois claimed beans were doing well, with a large planted acreage. They are in various stages of growth, and while some plants were just coming through the ground others were waist high. However, with the moisture that they have had and the ground well saturated, also warm weather now, beans were growing like weeds. We also heard from a party in Decatur who drove 500 miles and he thought that both corn and beans were much better than most people had anticipated. He went on to say that grain men in the area concurred in those thoughts. From Gilman, Illinois, we were told that beans in central Illinois could hardly look better, and that they were on time. So we would judge that the crop is not a goner. The Baldwin Elevator report of last Monday was fairly optimistic in its outlook, and while we realize there are some areas where the crop is behind schedule, particularly where land is under water, it is still a large growing area and one has to balance the good and the bad reports before coming to any definite conclusions. Of course, bad news travels quicker than good, and a few inflamatory remarks often catch the imagination of traders, particularly when a market is advancing.

There has been a good deal of short covering now, also some investment buying, and it will be quite a while yet before we have the next government report, but meantime there will be all kinds of crop comments from individuals. Therefore. erratic markets are to be expected.

There were some rains in Nebraska overnight, but elsewhere it was mostly clear. The outlook is for a few light showers along the Canadian border over the weekend, and mostly fair weather for the next day or two in the Southwest, but some light showers may fall in extreme western portions of Kansas and Nebraska later on. For the Corn Belt it will be mostly fair over the weekend, except probably some showers over Iowa Sunday and over other sections by next Monday.

Primary receipts of wheat were close to 4 1/2 million bu, which compared with 5 1/2 million last week and about 3 1/2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1.3 million bu. When the visible supply is posted on Monday it will compare with a heavy increase last year of 18 1/2 million bu.

Markets were mostly firm and beans were again the leader. With high temperatures over the belt, there is still a great deal of nervousness over what may yet come. December corn was fairly firm. Wheat prices advanced and with the strength in July, shorts were a little nervous; eastern markets are drawing wheat away from us.

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CHICAGO, 4

July 22, 1957

One thing is certain: namely, that there is no way at the present time to accurately foretell what the bean production will be. Everyone seems to be a crop expert, trying to interpret what the late season and what the current weather may do to the crop, but very few people are willing to make any estimate as to the probable yield. This is even true of such experienced people as the Baldwin Elevator Co. of Decatur, who report that beans range in growth from just through the ground to blooming, with the earliest planting starting to pod, nice green color and good stand is rather common except for fields that were in low ground or were drowned out. On the whole they figure that all the crop needs now is a good growing season. These same people, however say that with an abundance of moisture and high humidity that corn has really made great progress, but for that cereal too, the growth ranges from recently planted fields where the plant is just emerging to the more advanced fields that are tasseling, shooting ears, and silking. With the exception of the corn damaged by water, color seems to be excellent. The big problem now is keeping ahead of weeds. It is always discouraging in comparing a crop with a previous record, and chances are that Illinois, even under good conditions, will probably only have an average harvest.

Trade was nervous, as it had been toward the end of last week and first bean quotations were higher, although buying was not particularly spirited, nor was there big volume. Some high temperatures had been reported in Iowa over the week end, but there was likewise some moisture at Fort Dodge, Sioux City and Des Moines, and the outlook is for somewhat lower temperatures and some scattered moisture over the corn and bean belts, which should prove helpful. Beans have had an advance of nearly 30¢ per bu from the low point, so naturally there is a little more caution being exercised, and we expect that nervousness will probably continue until there is a more definite and accurate idea of how big the crop is apt to be.

CCC Minneapolis office sold 102,000 bu of beans and the total to-date is nearly 7 1/2 million bu, leaving a balance of 3.6 million bu still on hand.

According to early reports there had been very little moisture in western Canada over the weekend, and latest crop reports indicate the need for more rain in most parts of Saskatchewan and Alberta. The overseas demand for Canadian grain shows no improvement and foreign markets are weak because of further weakness in ocean freight. Our friends in Winnipeg say that rye had advanced sharply on speculative buying, and they see no merit at present levels. We presume it will take an export demand to help markets much, even at the present large discount under Chicago. Here at home the Commodity inventory on non-committed rye is practically the same as last week at 2.3 million bu.

Kansas had some heavy rains, but there was still no precipitation in Texas where the land has become dry again, and in the Panhandle they seem to think that the milo crop has deteriorated to some extent, as temperatures have been high for the past two weeks. In spite of this there are no serious complaints yet. The harvest of milo in the San Antonio-Austin area is now starting, with reasonably good yields reported. Some people seem to think there is ample local storage to handle most of the production.

After some early firmness the market gradually weakened. There was liquidation of July contracts in both beans and wheat, which led to selling in other futures. The Alberta Pool cut the condition of the wheat crop another 5 plints, and they claim another week of hot, dry weather over most of the province has taken a heavy toll, with the condition now 13% lower than at this time last year.

The Administration is talking disparagingly of the parity formula for the measurement of farm income, claiming that the present system does not accurately give a true picture of the farmer's financial status.

Minneapolis July wheat declined nearly 5¢ without a single trade, and their wheat prices for the deferred months were also lower.

Chicago wheat stocks increased 3.8 million bu to a total of 8 1/2 million bu. Locally corn stocks declined slightly, and there was an increase of 332,000 bu in oats. Soybean stocks declined 484,000 bu, leaving 2 1/2 million bu here.

July wheat was quite weak at the close and showed a decline of about 4¢ per bu, while old July wheat was down as much as 10¢. July beans expired weak, and the market showed quite a drop from the gain that was registered earlier in the day. Rye prices declined, and altogether there were disappointments, although reactions

are not unusual after a long period of advances.

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CHICAGO, 4

July 23, 1957

In summarizing the outlook, the Agricultural Marketing Service of USDA states that a reduced farm production is in prospect this year for the first time since 1950. According to government figures of July 1st, the cut is coming in crops with a present indication that they may be down about 7% from 1956, and the smallest since 1951. The acreage planted was the smallest in 40 years. However, the government expects feed supplies will continue big and the feed grain carry-over is expected to rise about 14%, and supplies of by-product feeds will continue large. The total supply of feed concentrates for the 1957-58 year is expected to be close to last year's record. While the farmer's total income for the first half of 1957 was at an annual rate of $11.6 billion, the same as it was a year ago, the decline in the value of the dollar gives less purchasing power; but as an offset the average value of farm real estate continues to rise, and as of March 1, 1957, it was 7% greater for the 12 months than for the previous 12 months. As one economist points out, several factors contributing to the increase in land values are the inflationary tendencies, and with the growing population requiring more space as urban centers it reaches into nearby rural areas, thus increasing land values. There is also strong competition for land to consolidate into larger operating units more adaptable to the use of modern farm machinery.

According to those well versed in overseas conditions, production of wheat in France is estimated at 395 million bu, which would compare with 240 million a year ago. Reports from our own Northwest stress that conditions are rather varied, and opinions differ as to the amount of damage that has been done by heat and drought, and it may be difficult to come to a final conclusion until the crop has been harvested. While there has been some deterioration during the past two or three weeks favorable weather could still lead to good results. Our neighbors to the North are also showing some apprehension, and a crop report prepared by the Saskatchewan and Alberta Pools mentioned a rather rapid deterioration in conditions last week of all grains except rye. There have been some rains since reports were compiled but there still has not been general precipitation.

Many attempts are being made to re-examine the statistical picture surrounding beans. However, there is no way at the present time to estimate accurately what the production will be. The government estimated the acreage as of July 1st at 21,650,000 acres, and the question is whether more acreage has been added since July 1st than anticipated in the government report. However, the late started plants will be more susceptible to damage during the months of July and August, and to the effects of an early frost. The outturn still remains in doubt and how closely adjusted supply and demand will be will depend entirely on the output per acre. Should conditions be favorable and the yield turn out to be around 20 bu to the acre, which was the 10-year average, the effect on the price level could be distinctly felt.

Primary receipts of wheat today totaled 6,196,000 bu vs. 7,274,000 bu last week, and 3,982,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks show a net increase of 878,000 bu. The visible supply of wheat, which was not published until today, showed an increase of 19,554,000 bu, making the total 308,000,000 bu, or approximately 67 million bu less than a year ago.

According to The Southwestern Miller, weakness in wheat futures is proving no incentive to flour business, and bookings remain exceedingly small. Bakers are amply covered for another week or two, and a few of them until early August. Buyers appear to cling to lower price ideas that are well out of the range of prevailing quotations. While it is hoped that a large scale activity will develop, so far it does not appear to be in prospect. The only export sale of wheat we heard of today was 13,000 tons of #2 hard winter sold out of the Gulf to Israel.

Wheat trade was much more two-sided and found good support on breaks. There is no conspicuous activity in corn, although prices ranged lower throughout the session. Up to noon time today there had been 835,000 bu beans tendered, the first effect of which was to cause September beans to lose on new crop months. However, it still remains to be seen how many more beans will be tendered and how well they are taken. Finally new crop months displayed more weakness than the old crop. Weather conditions in the bean and corn territory remain variable.

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CHICAGO, 4

July 24, 1957

The Secretary of Agriculture, in a recent address, again points out that progress has been made in disposing of surplus stocks and in curtailing acreages, but he also infers that long-range improvement cannot be made and that drastic acreage controls have not solved our problems. The old basic price support programs were developed in a depression era and revised under the stress of war. They do not adequately serve agriculture's needs in today's time of prosperity and peace, with the tremendous technological revolution that has taken place. He again mentions that under the present programs, as soon as the surplus is moved the existing rigid formulas in the old basic laws will boost price support back toward 90% of parity. Past experience has shown that this formula has been extremely damaging, not only for producers of the basic crops, but for agriculture as a whole. Under acreage controls diverted acreage has been shifted to other crops, with the consequence that almost every farmer and rancher, regardless of the crop or the livestock he raises, has been hurt.

The record wheat exports of the past year have been achieved at a high cost. According to the Secretary's own statement, the export subsidy averaged about 80¢ a bu, representing a cost of well over $400 million on the 535 million bu shipped abroad during the past marketing season. Various programs primarily for the support of both prices and incomes in the fiscal year 1956 showed a net realized loss of $1.9 billion, and for the fiscal year 1957 the anticipated loss is much larger. If such expenditures were fully meeting the problem, few people would complain, but more objection seems to be raised around the country to the continuation of such vast expenditures to carry the problem indefinitely. We ourselves have pointed out a number of times the necessity for a change in our basic programs-- one that would halt the high cost of the programs at the expense of the taxpayers of the U. S., and one that would afford protection to producers and protect free enterprise, free markets, and not be subjected to rules and regulations drastically dictating to the farmer what he can or cannot do. The longer we continue our present programs, the more we are being pushed to socialization of farming and to the loss of our freedoms.

According to Broomhall, European harvest has been delayed by rains in a number of countries. However, this moisture may be beneficial for spring-planted areas. Reports of earlier harvests are rather variable but the general crop situation remains satisfactory. Harvesting in France has been delayed by recent rains, and the initial yields not up to expectation, although the outlook is promising. Wheat threshing in Italy has been disappointing, and it is believed that it will necessitate further scaling down of production. Generally satisfactory conditions have existed in Western Germany. Conditions in Australia have been more favorable for the past few weeks except New South Wales. According to a grain authority in Winnipeg, trade interest is now centered on crop conditions in Western Canada. In the absence of official estimates there are all kinds of conjectures, ranging from 300 up to 450 million bu. While it is too early to come to any final conclusion, it seems to be accepted that the crop will be substantially less than last year's good production. The Saskatchewan government weekly report suggested that conditions have gradually declined; however, if present conditions are maintained the provincial state production would equal an average crop. Some authorities believe that this report was slightly more optimistic than recent private reports would indicate.

The Illinois weekly crop report states that corn and beans average nearly a week later than usual in the stage of development, and ten days to two weeks later than last year. There is an extreme variation, ranging from newly planted corn to tasseling or silking.

Primary receiptsof wheat today totaled 3, 600, 000 bu vs. 4, 892, 000 bu last week and 2, 483, 000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net increase of 1, 197, 000 bu.

Markets were all on the quiet side today. According to The Southwestern Miller, activity in the flour trade is mostly in a rumor stage, but in reality hard winter bakery flour demand is almost flat. Corn was almost neglected. The government sold about 800, 000 bu overnight. There was a certain amount of evening up in beans, particularly in September, which was the strong future. Many traders are awaiting the government report this afternoon, which will show beans in all positions.

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CHICAGO, 4 July 25, 1957

The main interest in the government report of stocks in all positions centered around beans, and the government estimate of 87 million bu was on the low side of estimates made by many private traders. In analyzing the situation, from an estimated supply of 459.6 million bu, which included a carryover on October 1st of 3.7 million bu, plus the 1956 preliminary production of 455.9 million bu, there has been a disappearance of 372.3 million bu for the period October 1st to July 1st, as indicated by the stocks on July 1st. Actual disappearance for the period included above was as follows: about 244 million bu processed for oil, nearly 69 million bu exported, and seed and feed requirements of about 32 million bu. In addition crushings and exports of new-crop soybeans during July 1956 of about 12 million bu should also be deducted from the total available supply. These figures show a discrepancy of about 15 million bu, which could mean an overestimate on the 1956 crop, although mention is made that some of the discrepancy may be due to the fact that unusually large quantities of beans were in transit from CCC on July 1st, and may not be fully reflected in the July 1st stocks. While weather developments will be an important factor, the nearby situation will depend somewhat on the disposition of the beans taken on delivery against July contracts, and also the amount of beans that might be moved into Chicago from outside points.

As far as wheat is concerned, the carryover of 905 million bu was just about as expected, and shows that the domestic disappearance was around 598 million bu compared with 602 million bu last year. Domestic usage runs around 600 million. Last crop season we exported 530 million bu compared with 345 million a year ago, and USDA is tentatively estimating that we might ship 400 million abroad this year.

Weather overnight was quite satisfactory. There were scattered showers over portions of the Northwest, mainly in the Red River Valley and a few showers in western Kansas. The forecast suggests some showers over Iowa and Nebraska Friday, while fair weather should prevail east of the Mississippi. Meanwhile reports from Canada stress the deficiency in several of the Provinces. In Alberta, from April 1st to July 22nd, rainfall was 1/2 to nearly 5 inches below normal, while on an average most points seemed to have a deficiency of 2 inches. In Saskatchewan, there is some excess in the northwest corner, otherwise deficiencies run up to 4 inches in west central and in many areas throughout the Provinces to 2 or 3 inches. Manitoba has been more fortunate with an excess up to 5 inches in the southern portions although a deficiency of 2 1/2 inches in the northern areas.

Crop reports in the bean and corn areas are showing some variance, depending entirely on the section. One message we had from Gilman, Illinois stated that in a 60-mile drive yesterday, corn is ready to tassel and looks excellent. Later fields are not that far along but early ones are in extremely good condition. Beans continue to do well and are about on time. Of course, the section covered was over a limited area.

Primary receipts of wheat today totaled 3,312,000 bu compared with 4,645,000 bu last week, and 3,017,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks show a net increase of 1,524,000 bu.

While markets opened this morning with a firmer undertone, there seems to be quite a little bit of liquidation and prices gave way. There is still no support coming into wheat from any large-scale flour buying, although at some point flour buyers will have to enter the market for more liberal commitments. Meanwhile, with lack of flour business and lack of export business, wheat prices have been drifting downward. Liquidation was particularly noticeable in beans, which ran the market into stop-loss selling. As far as corn is concerned, there is very little outside interest shown in this grain, although Chicago prices are coming into line with corn east of here.

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CHICAGO, 4

July 26, 1957

This writer just returned from the East where a drought is prevalent all the way from the New England States as far South as Virginia. The water supply may not be as serious as it was in New York State eight years ago, but radio broadcasts say that there may be a curtailment of water supplies, particularly in the large cities; meanwhile, farmers who are near wells are hauling water in an effort to save crops. This, of course, is only possible on a small scale at best in order to save vegetables or some of the fruit trees, and it is almost impossible to do very much with respect to feed grains for the reason that it is an arduous task to water large areas; secondly, there are many produce farmers who do not have the facilities for sprinkling, This eastern territory suffered from extreme heat early in the week but since that time temperatures have moderated but yet they raise about 250 million bu corn and probably 25 million bu soybeans, together with some oats, barlet, etc. Thus it can be seen that section of the country is only relatively important, but even when crops are good, they often have to import feeds either from other sections of the U.S. or from Canada. There are bound to be losses when the next government report is published unless there should be some rain within the next week or so, and nothing of that kind is indicated for the immediate future. Despite this, there is not a particularly active demand for corn in the East, although prices have improved a little in relation to Chicago.

There seems to be general complaint by eastern grain trades on another score, and that is, that the merchandising business is getting more difficult all the time due to government policies, while exports are being handled in the main by about half a dozen large firms in this country, on whom CCC has grown more and more dependent. Therefore, these large firms are quite instrumental in setting policies, which has not been at all helpful to the smaller operator. Twenty-one years ago the capital funds of CCC totaled $100 million; today, they have not only those funds but in addition they have a borrowing authority of $14.5 billion-- 145 times as much as in 1936. This tells the story rather conclusively how government has moved in. Whenever CCC begins to run out of money, either its notes are cancelled or its borrowing authority is extended, As we have mentioned before in these letters this governmental agency is now the second largest corporation in the world, and because of its activities both in storage and in grain merchandising throughout the country, it has made it very difficult for many grain operators to work efficiently, and for some of the smaller ones, to even exist on a profitable basis.

There was not too much grain news overnight. There were some moderate to rather heavy showers in parts of Kansas while elsewhere generally fair weather prevailed. Temperatures have risen and there has been little change elsewhere. Some scattered showers are expected in the spring wheat districts over the weekend, while Southwest showers and thunderstorms are likely. There is also a good chance for scattered showers for Nebraska and Iowa, but generally fair east of the Mississippi. The carryover feeling was a little bearish in beans because of the action of the market yesterday, but liquidation had been quite heavy and the market adjusted itself after some further selling. Thus far the Minneapolis Office ofCCC has sold nearly 8 million bu since they acquired beans through default, and this has put processors in a little more comfortable position, although with the crop somewhat late there is every indication that we will not get the large run of beans this year during the month of September.

Primary receipts of wheat were around the 3 million bu mark, which was about the same as lastyear, but showed a falling off from the 4.5 million bu last week. Kansas City and Minneapolis stocks so far this week show a net increase of 1.8 million bu. When the visible supply is posted on Monday it will compare with an increase last year of 14 1/2 million bu.

Flour business showed no change, with bakers still said to be in a waiting mood, but receipts at Kansas City fell off sharply and should generally decrease now, although elevators are all pretty crowded. The cash basis in that market is firm, and a few cars of ordinary sold on basis of 2¢ under September, which is from 2 to 3¢ better than last Monday. More wheat also is said to be going into the loan, and as a result our market did a little better, and so did Kansas City. Corn was rather indifferent, except for the September future. A shipper here sold some corn to the East at 1¢ over September FOB cars. The nearby future held pretty well. Rye also a little stronger in sympathy with wheat. Beans failed to hold rallies and closed lower. According to the Quaker Oats report, continued hot weather last week gave both corn and soybeans the big push they needed tomake for a more normal advancement, Grain sorghums are progressing in most sections of the country, but would benefit by some good rains.

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July 29, 1957

There is probably more interest centering around the corn and bean crops at the moment than anything else. Spring wheat is making fair progress in our country and cutting in some of the early fields has already started. No important changes are expected from the last government figure, despite the fact that there has been severe deterioration in the Canadian spring wheat crop where they have had some record-breaking temperatures again over the week-end, with thermometer readings around the 100-degree-mark in Central and Southern Saskatchewan. Early reports do not indicate any important precipitation and crops are undoubtedly deteriorating. The over-all picture for the past week has been one of further setbacks.

In beans it is almost impossible togive an accurate estimate of the crop, as conditions are so spotted over the entire belt that it makes crop forecasts extremely difficult. Beans range in growth from just emerging to podding, and maturity will be late, to say the least, so that the August government report will be awaited with more than the usual interest. This much, however, can be said: namely, that early maturing varieties can be planted well into July in most of the Midwest with better than a 50-50 chance of maturity. Moreover, farmers who want to keep their land in use find that competing crops are much more risky when such late planting is required. Of course, whenever it is late planted it could be followed by a late harvest, and thus an early frost in fall is always a menace. Also, when the beans come in late it creates a greater demand for old-crop beans that are needed for processing in September, primarily for current meal demand. In view of the recent figures that have been published, it cannot be thought possible that the prospective carryover will be considered burdensome. Actually it represents only a moderate reserve to meet the demands for broader needs until the 1957 harvest is available. Soybeans have provided large new markets for U. S. farmers and we may now classify the bean crop as a billion-dollar affair. This growth during the past 30 years has been phenomenal and from a monetary point of view beans bring about as great a return to farmers in this country as the entire wheat crop does to the Canadian farmer.

There was some very hot weather reported in the Southwest over the week end but temperatures were not too severe over parts of the corn belt and around the St. Louis area they had about 2 inches rain. It is now considered likely that showers and thunderstorms will occur tonight and Tuesday, particularly east of the Mississippi River. Temperatures should not be quite as warm in the northern portions by tomorrow. For the Southwest there is the possibility of a few scattered showers in the eastern portion but fair in the west, with continued warm weather in sight. For the spring wheat areas showers are likely along the Canadian border but mostly fair elsewhere.

We had one report early this morning from Gilman, Illinois, that early corn was tasseling and shooting under perfect weather conditions, and that people were generally hopeful for late-planted corn in that territory. It also looked like rain but there was no great need for additional moisture.

Beans opened rather weak and the carryover feeling was a little bearish due to the action of the market last week, generally favorable weather and the Baldwin Elevator report. Beans, they said in the central area of Illinois had generally a nice healthy green color, while the plant is vigorous and fields are unusually green. In southern Illinois, however, where the large acreage was planted in July prospects they say are not hopeless and part of the early plantings have shown a nice growth and look good.

Chicago wheat stocks showed a rather sizable increase of 3.6 million bu; this carries the total to 11.8 million bu. Corn decreased 719,000 bu, which leaves 25 million bu here. Oats increased 904,000 which lifted the stock to only 1.5 million bu in Chicago. Beans decreased 255,000 bu to 2.3 million bu.

Markets were more on the quiet side than previously. Rye was the active cereal today. Winnipeg was strong on adverse weather reports from western Canada. This in turn had considerable influence here. Wheat was higher, and there was some flour buying, although the pick-up was not as large as had been hoped for. Beans were rather weak early, but there was some local short covering which ran the market into stops, and there were good recoveries, although a northwest broker was a seller of November as the market advanced. The close was higher. Corn dragged to a good extent, and there was no important buying to lift prices. September at times showed a little more strength than new-crop futures, but this had very little influence on the market as a whole.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

July 30, 1957

In one respect the agricultural situation in this country has not changed during the past 25 years, and we refer to the fact that 96% of our farms are still family-operated. It is true, of course, that most farms are larger, and there are fewer of them, all of which is the logical result of mechanization. Actually there are 1 1/2 million farm families in the U.S. with total sales of less than $1,000 per year. For a small farmer of that type, higher price supports would hardly be a solution. We say this because his problem is volume and not price, and even 200% of parity would not provide for him a decent standard of living. What has happened is that most of the dollars put out to support farm prices have gone to the larger operator. The net realized cost of programs primarily for the support of prices and incomes of dairy farmers alone amounted to $549 million during 1956. Altogether the various programs primarily for the support of farm prices and incomes showed a net realized loss of $1.9,billion. This did not include the additional losses sustained when we accepted foreign currencies on which additional losses were undoubtedly taken. The wheat export subsidy averaged about 80¢ a bu last year, which in terms of 535 million bu we exported in the season just closed, represented a cost of well over $400 million to the government. In other words, prices were held artificially high and then we had to subsidize shipments in order to get the price back to a competitive level in line with prices of other exporting countries.

Another fallacy of the present system was that we have lost many of our export markets, particularly in cotton, as high prices stimulated world production, and we find that during the past year the foreign cotton production was about 25 million bales, or more than twice as much as it was 25 years ago when it amounted to only 11 million bales. Moreover, high prices at home stimulated other fibers, such as rayon, orlon, nylon, etc. to such an extent that where formerly cotton was grown on more than 40 million acres, the allotment has been cut to 17.6 million acres. Thus we have found that drastic acreage controls have not solved our problems and the government now admits that the present legal formulas governing acreage allotments and price supports are proving obsolete. Moreover, controls are not effective in reducing over-all agricultural production, despite the severe restrictions they impose on the farmer's freedom to produce and market his products.

Before our opening this morning, there was not too much news except that a large quantity of beans were sold from this market at 7 over the September future. This stimulated some buying of the nearby future, which also affected new-crop positions. We heard that both the Continent and Japan were inquiring for soybeans for shipment from September to November.

Weather is still about the same as it had been. Temperatures are high in the Southwest and about the only rain in that territory was a light shower in Amarillo, although a few scattered thunderstorms were reported in the corn belt, with probably more to come. There may be a few showers along the Canadian border, but little temperature change in the spring wheat districts. For the Southwest, a few widely scattered showers are expected, but it will continue warm tonight and Wednesday.

There was a little more flour business, which was helpful to wheat prices and hedges were taken out of the market shortly after the opening.

Primary receipts of wheat were a little under 4 million bu, which compared with 6.2 million bu last week, and more than 5 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 384,000 bu. The wheat visible, which was late in being posted, showed an increase in wheat of nearly 19 million bu, but yet total stocks are 62.8 million bu smaller than last year

Beans were rather firm during the first half hour of trade, but later ther was considerable selling. The USDA figured that about 315 million bu of soybeans would be crushed for oil by the end of the marketing season compared with 283 million last year, but they also estimate a carryover of from 10 to 15 million bu vs only 4 million last October 1st. While the spring wheat crop is being cut in a few isolated territories, it will be a week or two before harvest in the Northwest is general. The Occident people believe it will be another week or ten days until they can get a better idea of how yields are running. There was some local selling of wheat in today's market, and also some liquidation by commission houses. Corn was also influenced by lower prices in other pits, and also because of heavy government selling. Apparently CCC is trying to make room for new crop corn when it moves a few months hence. Rye, which had been so strong yesterday, was a little weaker this morning, in spite of the fact that prices at Winnipeg were relatively steady.

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CHICAGO, 4

July 31, 1957

It is not pure accident that history has recorded some of the sharpest price declines due to governmental intervention when artificial means were attempted to prevent normal laws of supply and demand from functioning. We shall not review here the Cuban sugar situation, nor the Brazilian coffee valorization. We all know the sad consequences of the English attempt to stabilize rubber prices and the more recent efforts on part of the American Farm Board to prevent wheat declines. Too often any political attempts which appear right in theory have their secondary consequences. It took us several years to pay the full penalty for violating all commercial laws in withholding our wheat surplus from export channels. But the government has recently admitted defeat in its efforts to hold prices of various commodities above their merit, and it should, therefore, not be a surprise that the inflexibility has brought about the accumulations of cotton, wheat, and corn in this country when support levels were maintained at artificially high levels. The loss of nearly $2 billion last year could have beenforeseen in view of past experience. As we pointed out yesterday, there are 1 1/2 million farm families in the U. S. where the dollar sales per farm are less than $1,000. These people cannot be helped through higher parity or higher loans, and almost any extreme benevolence on part of the government would certainly not provide them a decent living. On the other hand, there have been some loans to a single producer that have run as high as a million dollars in a single year. So for everydollar that goes to a small farm operator, many dollars go to the large units.

However, the lessons that have been learned in this country are not singular solely to our own economy; there are any number of instances elsewhere even in recent times where the application of high supports and subsidies has proved fallacious. In the U. K. they attempted lately to benefit the farmer in the support of potatoes, milk, and eggs. Under the law, the British Government had to buy at a specified price all the potatoes which the market would not absorb at the higher price level. Accumulations were so heavy that the British Board is now urging farmers to buy back their own potatoes, in addition to which it is also exporting these subsidized potatoes to prevent deterioration and spoilage. In the case of milk, the supply exceeds the requirements of butter and cheese manufacturers with the result that the Milk Marketing Board finds itself in the position of doing away with the unwanted skim milk. All this illustrates what can and will happen when governments become heavily involved in various forms of support prices, subsidies, quotas and the like. Theintention, of course, was to provide a genuine minimum as an insurance against a severe market depression, but the farmer produced more and more of the products mentioned, which only caused embarrassment to the various government boards. Thus one problem seems to lead to another as is so often the case, particularly when Nature takes a hand to thwart the best laid plans of man. In Britain the domestic problem in eggs led to such heavy production, stimulated by improved techniques, that an export subsidy was necessary to get rid of them. In selling some of the eggs to Denmark, it disrupted trade relations, which was likewise an unsatisfactory development. As the London Economist has pointed out, there is only one answer to these problems: namely, the need in every case for a cut in price. Such discussions are even current in Canada at the present time, where the wheat carryover may well be the largest in the history of that country.

Primary receipts of wheat were comparatively small for this season of the year, and amounted to 2.2 million bu vs 3.6 million bu last week, and 2.6 million last year. Kansas City and Minneapolis stocks so far this week show a net increase of 687,000 bu.

The main feature in wheat today was additional buying of flour by bakery interests with some talk that more purchases might follow. Hedges were taken out of the pit, and the market for the most part was firm as offerings for a time were light. On the advance some stop-loss orders were uncovered. Weather was mostly fair with continued high temperatures, although a few light showers were reported Northwest. The map is somewhat unsettled, and we may get some scattered thundershowers tonight or tomorrow. Scattered showers were also reported across western Canada, with somewhat cooler weather. One of our friends in Winnipeg has spoken of deterioration in crop prospects. However, the demand continues poor, and unfortunately this may be a year when Canadian prices may remain relatively low, despite smaller production. Beans at one time rallied sharply in sympathy with the leading cereal, but advances did not hold. It was reported that Denmark had purchased a cargo of soybeans for November shipment. There was considerable selling of corn, although we believe that it was largely for local account.

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CHICAGO, 4 August 1, 1957

Late yesterday parity prices were published, and the July figures showed a small decline from the month before. The transitional wheat parity is $2.50 per bu, corn $1,81, and beans $3.01, each representing a penny decline from the month earlier. Prices paid by farmers for items used in farm products on July 15th averaged the same as for June, stopping the decline recorded in May and June of this year. Moderately higher prices for feeder livestock and building material prices were an offset to small declines in automobiles and feed. These were about the only shifts of any consequence.

The government also commented on agricultural exports, which in the 1956-57 period reached an all-time high. According to the Department of Agriculture we shipped $4.7 billion of all agricultural commodities, which was 16% above the previous record, of $4.1 billion in 1951-52, and it was about 35% higher than the figure of the season before. Cotton alone accounted for 61% of the total exports during the past 12 months and shipments of 7,7 million bales, were the largest in volume since 1934. The sharp rise resulted from sales of CCC cotton stocks, and besides this wheat exports set a new record of 535 million bu, which accounted for 30% of the increase. Much of this was possible due to the US government export program, principally PL 480, and of course there were substantial gifts and barter deals, all of which aided in bringing about this record volume of trade. It was also pointed out that this larger flow of farm products was brought about without disrupting the agricultural trade of other export countries, although we hear complaints from Canada that their wheat exports were hurt by the large volume from here, and that as a result they will have the largest carryover reserve in the history of that country.

There was not much in the overnight weather news; a few light rains were reported in the Northwest, but generally speaking it was clear. While there may be a few scattered thundershowers in the spring wheat areas, it is expected to remain mostly fair and hot Southwest, and about the same for the corn belt, although there may be some isolated showers here and there, but nothing of much importance.

Before our market opened, oil and meal prices were higher, which influenced sentiment in soybeans. There was also some additional flour business that required lifting of hedges, and this gave us firmness in the wheat market. A report from Ottawa stated that crop results in the Prairie Provinces maybe well below the average level for the past few years, and that unless adequate rains were received the crop may even fall short of the long-term average. It was mostly hot and dry weather during the past two weeks, which caused a further serious reduction in prospects. Manitoba seems to be the best of the Prairie Provinces, but rapid deterioration occurred over wide areas in Saskatchewan and Alberta, and hot weather is forcing crops to ripen prematurely, with the consequent reduction in the yield outlook.

Flour sales were heavy overnight, but in spite of this there was no protracted buying of wheat futures. Apparently there was some disappointment in the market action following the large scale business that had been put through. It was reported that India had purchased at least 4 cargoes, and possibly more, of Pacific Coast white wheat. Beans were strong throughout the session, as were oil prices, and it was reported that Greece had purchased 4,200 metric tons refined soybean oil for August-September shipment. Additional export business in oil is also anticipated. Strong processor bids for cash beans in the country also gave the market encouragement, and the September future continued to gain on the more deferred months. Corn was also higher, with the spot basis 3¢ over bid here, and we understand that corn was sold out of Chicago to the East equal to 3¢ over FOB cars, although this is not general. It is also understood now that purchases of corn by Mexico the other day may amount to a good deal more than the 50,000 tons reported, and that the quantity may be close to a total of 100,000 tons. CCC sold over 800,000 bu #2 yellow corn overnight.

Primary receipts of wheat were 2,477,000 bu vs 3,312,000 bu last week and 2,634,000 bu last year. Kansas City and Minneapolis stocks so far this week increased 854,000 bu.

Best prices were not maintained although markets in general were firm. There was probably some evening up of positions prior to the private report due tomorrow.

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CHICAGO, 4

August 2, 1957

The private report of Mr. Galvin issued this morning furnished very little in the way of surprises. His total wheat production of 921 million bu although it indicates a reduction in the total wheat crop compares with that of the government on July 1st of 940 million. He raised his own figures during the month on winter wheat by about 10 million bu, and lowered his spring wheat estimate approximately 7 million bu from July 1st. In analyzing his report state by state, he reduced prospects in Illinois by about 4 million bu, Nebraska by almost 2 million bu, while the largest increases took place in Colorado, Montana, and the Pacific Northwest. In corn he gives somewhat more than the July figures of the government and raised his own figures approximately 163 million bu from the previous month. His estimate on beans of 442 million bu compares with his estimate last month of 425 million bu. He places the condition as 82% of normal compared with 88% a year ago, and the ten-year average of 86%. However, he comments that the crop outlook is generally improving in most states despite late seeding, as weather conditions throughout July were mostly favorable.

Secretary of Agriculture Benson seems to still be striving for lower price supports, with the thought in mind that planting curbs will be eased if support prices are dropped. The Secretary hopes that eventually the control of acreage will die out. Our Surplus Disposal Program is still meeting with displeasure in other surplus-growing countries. Very recently Australia signed a trade pact with Japan and as Broomhall states, the quantity is not large, but at least Australia has made her presence felt in the Far East in opposition to the U. S. The Australian Wheat Board and the Australian millers have vainly complained about the inroads which the American program was making into their own Asiatic markets, and they feel that our methods have been opposed to the historical conception of trade fairness and to the spirit of existent international conventions. This same source also reports that Canada is at the crossroads insofar as her wheat export policy is concerned. The new Conservative Government has inherited an extremely difficult wheat marketing situation, with an anticipated carryover at the end of their crop-year, July 31st, of 600 million bu. While present reports from our neighbors to the North indicate that the new crop is suffering some damage, nevertheless, their production will be enough to provide an embarrassing surplus. It looks as though both Australia and Canada may be forced into some form of bartering in order to maintain their traditional wheat markets against the overwhelming financial competition of the U. S. Canada's only other answer to the surplus problem would be a drastic curtailment of acreage, which seems to be against the desires of the Canadian Pools.

According to advices from Canada, weather in the Western Provinces continues to show the same pattern, with quite a number of showers and thunderstorms, but little or no moisture of consequence, with the exception of the Peace River country where good rains were experienced. There were some further showers reported overnight.

The wheat market had a firm undertone all through the session. There was further flour business in evidence, also some buying against export sales. It is thought there will be additional spring wheat flour booked over the weekend. Wheat was further helped by the private report issued, which showed a reduction in Mr. Galvin's figures of all wheat from last month.

The Santa Fe report states that corn and soybeans seem to be about ten days to two weeks behind normal, and in order for top yields to be realized, growing conditions will have to be favorable from now until frost. We received a messag fromGilman that stated in driving around the corn territory the good corn is better than good, and where corn has been damaged by too much water it is very poor, and doubt if much improvement will take place on that part of the crop. We, therefore, are going to have varied reports on both corn and beans until the crop is finally harvested.

Primary receipts of wheat today totaled 2,399,000 bu. This compares with 3,074,000 bu a week ago and 2,764,000 bu on comparable day of last year. When the visible supply is posted next Monday, it will be compared with an increase last year of 2,560,000 bu.

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CHICAGO, 4 August 5, 1957

The wheat situation this season is more mixed than usual. If it were not for the fact that next year's loan level were 22¢ lower than the current one, we would feel more confident that finally wheat prices should do better. This is predicated on the fact that a combined spring and winter wheat crop of 921 million bu will furnish hardly more than the amount of our domestic consumption plus exports. If in addition to that some 200 million bu wheat is impounded, it would naturally create an artificial, and even a tight, situation before the next harvest. To what extent the relative cheapness of July wheat and the lower 1958 loan will have a bearing on this year's crop level is difficult to tell. Some longs will undoubtedly hesitate to transfer long positions from December to March or May for the reasons just cited.

We had some very heavy rains over the week-end in corn belt states with the possible exception of Iowa. Moderate rainfall also fell over the western portion of Oklahoma and Texas, while elsewhere skies were fair. Some people from downstate Illinois and from Iowa attested to the fact that both the corn and the bean crops were coming along remarkably well except for some localities, principally low spots where crops had been rained out. The latter, however, were in the minority. According to the Baldwin report, corn growth was very rapid during the week and with more moisture this seemed to be ideal for the growth and development of plants. Corn seems to be later and is more uneven in the lower half of Illinois where it ranged from a foot to full growth. Crop progress of beans was ideal and the plant seems to be healthy, vigorous, and thriving. In southern areas it is also developing well, but as is always the case with growing crops, the final outcome still depends on the type of weather we have from this point onward.

In spite of all this, we had a higher opening this morning and wheat was again influenced by some flour business, principally in spring varieties, although there was a little hesitancy early and some of the hedges were not covered until the market had advanced. The buying in beans was largely of a local character, which ran the market into stops. Washington reports were to the effect that the Agriculture Department would offer farmers an average of $20.88 per acre for Soil Bank retirement, which would be an increase of 84¢ over last year's payment. The Agency hopes that 8 1/2 million acres of wheat land will be taken out of cultivation, thus further reducing surpluses. However, a large loophole is to be closed and a producer will not have the privilege of transferring his activities to other crops by reducing wheat plantings if he signs up in the Soil Bank. Thus his total acreage will be cut without the privilege of offsetting and expanding acreage for other crops.

There has been some damage to the French wheat crop, losses probably running to 5% due to recent wet weather and sprouting. Despite this a large yield is still to be harvestedand some of the offgrades will undoubtedly be fed. There is a demand for the old dry wheat which has stimulated prices, but later on surpluses will develop and France should return to the export column.

Locals were early buyersof corn but there were also purchases by a commission house as well as an exporter. Informed trade economists predict corn exports from this year's crop will reach a record high of 150 million bu, and while this may be small in comparison with last year's heavy production, one must not forget that shipments abroad often come ouf of the terminal stocks, while the bulk of the corn is held on farms for feeding purposes.

Chicago wheat stocks increased 1.8 million bu, with the result that there is now 13 3/4 million bu of wheat here. Corn stocks locallly decreased over 1/2 million bu, but it still leaves 24 1/2 million bu on hand. There was an increase in oats, bringing the total to 2.6 million bu. Rye and barley did practically nothing, but beans went down 334,000 bu, leaving Chicago stocks just under 2 million bu.

Wheat prices were a little higher early, but Minneapolis cash prices weakened, and they advised us that there might be some substantial amounts of low grades available for delivery against September and December contracts in that market. It is our feeling that the flour business for the next three or four months is now well covered. Corn prices were barely steady, and there was no important feature; those who are watching weather feel that crop development is progressing and the main thing to fear is an early frost. Beans were influenced by firmness in the cash meal market. Oil prices were indifferent. In the absence of pressure beans held a good part of the early gain, and this was about the only commodity really that showed firmness. Trading generally was more quiet.

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CHICAGO, 4 August 6, 1957

It was almost a foregone conclusion that the P. L. 480 program would be extended. The Department of Agriculture has been placing great reliance for some time on the sale of agricultural products to foreign countries on basis of their currencies. It was generally felt that any suspension of a plan of this kind would seriously interfere with our sales abroad. The Senate held in abeyance consideration of the Civil Rights measure in order to give preference to this agricultural program, and late yesterday they passed and sent to the White House a bill expanding the appropriation from $3 billion to $4 billion, also authorizing the President to use an additional $300 million for emergency or special relief needs in helping friendly countries to obtain the goods they needed from us. The conference bill will also remove bans on barter of farm surpluses for strategic materials of eastern European satellite countries. Prohibition against such barter with Russia and Red China would thus be continued. The first effect of this action was felt on soybeans, and the various derivatives, also flax and the products affected by it. On the bulge, however, there was a little pressure to sell and there was one report from a reliable source estimating the soybean crop at 431 million bu, which was somewhat lower than a private forecast made last week. Actually the continuation of P. L. 480 should have been no surprise to anyone, and, therefore, it was only natural that its effect on markets was somewhat shortlived.

There were crop reports from the Northwest telling of harvesting operations in the spring wheat areas where they seem to be making good headway, although temperatures in the Dakotas and other spring wheat states seem to be higher than in the corn belt where rather low temperatures have been reported. It looks very much as though somewhat warmer weather would follow the cold spell in the corn belt states, with possibly some showers in Iowa, but generally clear elsewhere.

There is a little more stress being placed on crop damage in Europe due to wet harvesting weather, but yet overseas demand shows no improvement. Last year at this time our own exports of wheat were rather light, as buyers abroad were waiting for the period when the wheat trade would be returned to private hands. This year, despite some deterioration to European crops, the general outturn is still expected to far exceed last year's poor yields, and, consequently, buyers are not very aggressive. CCC sold some corn but quantities were not particularly heavy, but yet we are told that with high humidity which has prevailed in some of the corn states, particularly in the west, theremay be additional sales in order to prevent spoilage. There is a chance for some scattered showers in the Northwest, and while it will be a little warmer today and tonight rains will probably bring cooler temperatures by Wednesday.

We mentioned yesterday that Chicago wheat stocks had increased to 13 3/4 million bu. Some of this wheat is owned by mills but the accumulations here have been somewhat larger than had been anticipated, which is undoubtedly the reason for a widening of the spread between December and March. To what extent shipments will be made from this market remains to be seen, although Chicago wheat is almost on a workable basis to the east for export and there is still no absolute certainty of a carrying charge beyond December, although the widening difference from September to December has attracted some attention and in turn has had an influence on people's thinking where heretofore much of the hedging pressure had gone into March and May futures owing to the fact that next year's wheat loan will be reduced by 22¢ per bu.

Primary receipts of wheat today were 3.6 million bu vs. 3.9 million bu last week, and 4,6 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 28,000 bu. The visible supply, whichwas late in being posted, showed an increase for wheat of 15.6 million bu, and total stocks of 342.6 million bu are nearly 50 million bu less than last year. The corn visible decreased 3.6 million bu, and beans declined 1/2 million bu, leaving 3.6 million bu in all positions vs. 5.4 million bu last season.

Best prices did not hold, and even beans declined after an early advance although the September future was relatively the firmest. Wheat prices, with the exception of the July future, which held relatively firm, showed a weaker tendency. Flour demand is again near a standstill following a few days of good business. Spot corn was quite firm, but the futures market was neglected and there were small losses for the day.

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CHICAGO, 4 August 7, 1957

After the close of the market yesterday, there were two items of interest: one was an increase granted in freight rates by the ICC amounting to about 7% for eastern and western railroads, and a 4% boost to southern carriers (the grain increase will be 9%). The other item was an increase in the interest rate to prime users from 4 to 4 1/2%, which in our opinion means that it will be more expensive to carry grain, and this is always construed as indicating wider carrying charges than when money is cheap.

Otherwise there was very little to guide our markets this morning, althoug there has been some rains over Western Canada and the outlook is for precipitation in our Northwest, but otherwise weather will be mostly clear with temperatures near normal to somewhat above. The state reports are about in line with the weekl resume issued by the government. Iowa continues to be the favored state, with crops there generally in good shape, although a good, soaking rain over the entire area would be quite welcome, and in a number of territories moisture supplies will be needed soon to prevent deterioration. For Illinois the claim is made that both corn and soybeans have made rapid growth during the hot, humid weather, and generally favorable moisture conditions prevail in most areas. About 70% of the corn has started to tassel compared with an average of 85% and 95% a year ago. Development of the crop varies from nearly tasseled in the northwest counties to less than two-fifths in the southeastern areas. After the close on Friday we shall have a government report, although most traders are not looking for much change as compared to the private estimate issued last week. The same refers to beans as well.

First prices showed small losses for most grains and in wheat there seems to be a dearth of commercial demand, which after a period of advancing markets has brought about minor reactions with sentiment a little mixed although a reduction in next year's loan level prevents the same enthusiasm as might otherwise be expected. It is too early yet to evaluate the amount of wheat that will be impounded under the loan, but this could become a factor later in the season.

As we have mentioned on several occasions, the probable wheat crop, both winter and spring, will doubtless be no larger than our domestic consumption plus exports. However, the foreign demand is very poor at the moment and until there is a resumption in business very few hedges are being taken out of the pit. With the possibility that total shipments will fall from a high of 535 million bu last seaso to 350 million bu during the current crop-year, even this factor will not have its full impact until possibly the spring months, which is somewhat similar to domestic consumption that requires time to make inroads into the surplus. For the time being, therefore, we may have a period of hesitancy and with bakers pretty well covered on their requirements for the next three or four months, we can hardly expect much inspiration from that source until additional supplies are acquired.

CCC sold exporters 680,000 bu corn at New Orleans and 160,000 bu at Laredo, Texas, with some other small quantities elsewhere. The country is still not selling much but there are fair amounts of free corn still in Chicago in addition to government holdings, which are quite sizeable. It is said that sales of 1956 crop soybeans which were taken over by the government on default have been virtually liquidated. Of the total of nearly 25 million bu, the Chicago Office has disposed of 14.2 million bu, Minneapolis 8.3 million bu, and the balance was sold by the Dallas and Kansas City branches.

Primary receipts of wheat amounted to 2.3 million bu, with Peoria missing. This compared with 2.2 million bu last week and the same last year. Kansas City and Minneapolis stocks so far this week show a net increase of 200,000 bu.

Trade was rather quiet today. Broomhall's Foreign Summary talked of further harvesting delays in Europe, although clear weather in some placed permitted farmers to get into the fields. French wheat crop is being scaled down and there has been some damage from sprouting. However, there should still be substantial surpluses. Here at home milling demand was rather slow and no encouragement came from that source. As a result markets dragged and closed lower. Beans were weak at times but there was some buying by a house that made purchases yesterday, and there may have been some export business against which hedges had been covered. Corn was inclined to be a little firmer. There was no special news but the premium market holds quite well. While ordinarily the crop is pretty well made by the 10th of August there is a little more uncertainty this season because of crop lateness and for that reason shorts have recently become a little cautious and undoubtedly some of them have covered. UHLMANN GRAIN CO.

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CHICAGO, 4 August 8, 1957

Yesterday afternoon the Winnipeg Free Press issued its first estimate on production in Western Canada. They place the wheat crop at 292 million bu, which would compare with 490 million bu last year. One Canadian authority thinks it is a little too early to accurately appraise the crop in that country, but the report on wheat was a little lower than had been expected. The oat crop was about in line with expectations, but the report was much higher on flax than had been looked for. However, the wheat crop at almost 200 million bu less than a year ago does not offer too much relief to that country, as their carryover is expected to be 640 million bu, or possibly a little larger, which would start our neighbors to the North with supplies of 932 million bu-- quite a lot to carry for a country of 16 or 17 million population. Prime Minister Diefenbaker has iterated several times that he regards wheat as Canada's number one problem, and as pointed out by one of the Pool papers to date there have been no important changes in the Wheat Board policy in face of changing world trade conditions in the last few years. Canada is urgently in need of full recognition of the changes that have taken place in world trade.

According to Broomhall, there are three main aspects of the world demand for wheat to which exporting countries must give attention. First, government agreements with importing countries for a privileged place in their markets; second, a feed demand for wheat, and third, the demand for wheat as a bread grain by countries with a stable currency and which prefer to buy such wheat on a competitive basis. As far as the first category is concerned, the U. S. with her tremendous wealth has more or less monopolized this trade, which in some instances has been secured only by agreeing to payments spaced out over a long period of years. However, there is some optimism being expressed that Canada may take a more realistic approach to marketing problems, and it is up to that country to forget the past and energetically tackle the new problems as they exist today.

According to reports from the Argentine, views continue to differ on the wheat acreage, ranging from a moderate increase to a drop of as much as 10% compared with last year, but considerable optimism is apparent over the corn planting prospects, which will get under way within the next month to five weeks. It is expected that the acreage will show the first material expansion in several years, owing to a much more attractive guaranteed price to farmers.

During the session the government report on cotton was issued showing a prospective yield of 11,897,000 bales. While the estimate was pretty much of a standoff, it was slightly on the low side, as many authorities have been anticipating a crop of around 12 million bales. However, the reduction in the cotton crop from last year in terms of seed production and oil recovery would be equal to about 17 million bu in terms of soybeans.

Primary receipts of wheat today totaled 2,298,000 bu vs 2,477,000 bu last week, and 2,209,000 bu on comparable day of last year. So far this week Minneapolis and Kansas City wheat stocks show a net increase of 416,000 bu.

Our wheat market started with a firm undertone, partly stimulated by the Free Press report from Canada, and also the fact that bookings of soft wheat flour were moderately large overnight. According to The Southwestern Miller, buying interest among bread bakers is at low ebb, which is not surprising in view of the heavily expanded backlogs, and many mills doubt whether there will be any material improvement in volume, except in the event of wide price changes. Export business in wheat is of no consequence.

Overnight there were some light showers in the Red River Valley, but mostly fair weather prevails through all grain areas. A few scattered showers appear likely in the Northwest tonight or Friday, and some local showers in northwestern Iowa and in Nebraska tonight or Friday. Some timely rains would be welcome in areas of the corn belt, as well as in the Southwest to assure a good crop of sorghum grains. There was some buying of beans this morning on the official cotton report, and also a fair amount of short covering which gave us higher market. Corn is rather stagnant. The government sold overnight about 294,000 bu, and cash corn in Chicago is selling around 5 1/2¢ over. Rye was strong. There has been a good business consummated in rye flour.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 9, 1957

The futility of our present farm program has further been demonstrated by the fact that the Agriculture Department yesterday boosted price supports for this year's cotton crop in view of the official crop forecast. The existing law forces this raise despite Secretary Benson's contention that cotton prices must be cut or markets will shrink. Under the flexible support formula now in the law, price supports must rise as surpluses decline. Unless there is some change in our thinking it will be very difficult to ever dispose of the suplus problem confronting agriculture in this country. Our present problems have arisen from keeping price levels too high for too long a period. According to the Agriculture Department of the Chamber of Commerce of the U. S., there seems to be little possibility for any major farm revision during this session other than the extention of P. L. 480, for which funds will no doubt be appropriated. However, it is contemplated that one of the stormiest sessions on agricultural matters will take place next year, which will include Soil Bank, surplus disposal of farm products, the Domestic Parity Plan, and other problems to revise the farm programs in this country.

Advices from Canada state that weather continues favorable in the Western Provinces, with more scattered showers reported overnight, and the same source advises that it is raining again in the U. K. and on the Continent, and this is interfering with harvesting and reducing the quality. There will be a Canadian government acreage report this afternoon. In this country there were some rains reported in North and South Dakota and Minnesota, and indications point to showers in the northern portions of the corn belt, where they would be extremely welcome.

The Quaker Oats Co. issued a very optimistic report today that hot, humid weather last week gave both corn and beans another big push, although the cool weather this week was of no help. They report that both crops are fairly well advanced in most sections west of the Mississippi but are behind normal in varying degrees over most sections of the east, being the furtherest behind across central and southern Illinois and in Ohio. In Kansas rains are badly needed for the development of corn and beans. Their report states that their observation leads them to believe that corn prospects have improved during July and point to better than average yield per acre. They are looking for a bean crop larger than last year.

We received a message from Springfield, Illinois, stating that they had some beans in the office that were planted very early near Winchester , Illinois that looked tall enough but very few beans on the pods. Of course, this is from the territory that has not looked good since the early part of the season. The Illinois State Agriculture Department report stated that they estimate that corn and wheat production prospects are both down 25%. They state that although there is a record acreage of beans, it is unlikely that the increase will offset the lower yields per acre expected. However, this afternoon we will have the government report, which will furnish us with some enlightening figures.

Primary receipts of wheat today totaled 2,915,000 bu compared with 2,399,000 bu last week, and 2,553,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 634,000 bu. When the visible supply figure in wheat is posted on Monday it will be compared with an increase last year of 4,559,000 bu.

Markets all drifted lower today on a very light trade, but with the exception of beans prices recovered before the close. Flour business is slack. The only export business we heard of today was that Germany bought 7,700 tons spring wheat, first half November shipment. However, it might be expected that when funds are released under P L 480 that further export business will develop. There was a standby position awaiting the government report this afternoon, and the only real feature was the weakness in September beans. There was some scattered liquidation, which found many of the local spreaders away from the pit today. The government sold only about 58,000 bu of corn overnight and rejected all rye and oat bids. We do not look for any surprises in the government report on wheat. The two items which are awaited with most interest are corn and bean estimates.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 12, 1957

After the close of the market on Friday, the August crop production figures were released by USDA. The greatest surprise was in soybeans with the crop estimated at 428 million bu, which was 6% less than last year although 58% more than average. A year ago at this time the outlook was for a yield of 442 million bu. This was later raised to 455 million bu, but it looks to us as though that crop had been overestimated by 15 million bu, judging from other statistics and data, including exports grindings, etc. Nevertheless, the trade viewed the forecast as very bullish and no doubt we will need more soybeans this season to offset the smaller quantities of cottonseed oil, although there are some offsets, particularlythe good olive oil production in Europe, which may finally meansmaller shipments from here. On the other hand flaxseed production is down 7 million bu, so that there will be less competitive ingredients from that source.

The total winter wheat crop was estimated at 915 million bu, which was a drop of 25 million from the month earlier and compared with 997 million bu in 1956. It is not sufficient to just look at the totals but we believe it is important to view the distribution of wheat, particularly as the soft winter wheat states have an indicated yield of only 141.2 million bu, a reduction of 40 million from last year. The five important southwestern states, comprising Kansas, Nebraska, Oklahoma, Texas, and Colorado, have an outlook for a crop of 276.6 million bu, which is a cut of 40.7 million bu as compared with last year. Thus in these two categories there is a drop of nearly 81 million bu. This is partly offset by heavy production on the Pacific Coast, with the three northwestern states: namely, Oregon, Washington, and Montana, having an indicated yield of 132.1 million bu, which is an increase of 49 million bu as compared with last season.

The corn crop report showed a sharp fall-off from 1956. The yield is now estimated at 3,065 million bu, which is not so much below the ten-year average, but it is being compared more to last year's bumper production of 3,451 million bu. It looks as though the corn crop will be almost 100 million bu less than the current season's domestic uses and exports, but sorghum grain has turned out better than was generally expected, and a bumper crop of nearly 418 million bu is in sight, which compares with only 205 million bulast season and 156 million bu, the ten-year average.

In any case grains were all higher at the opening, and beans were the strongest commodity on the Board, advancing about 7¢ per bu for the new-crop months. There was also a figure on Canadian acreage, but this was about as had been expected. Over the week-end there was a good deal of rain over Western Canada, which should be helpful in some areas, although it will delay harvesting operations elsewhere. The Canadian wheat crop will be very much smaller than last season, but on the other hand we have figures now which would indicate that the carryover reserve would be about 116 million bu greater, and this would make for a reserve of 656 million bu, which is probably a record for all-time.

European crops are not turning out as well as had been earlier expected. Recurring unsettled weather conditions have interrupted harvesting operations on the Continent and there seems to be a good deal of high moisture wheat and other grains in a number of countries. Crop estimates are being scaled downward although these have not materially altered the general yield picture to any appreciable extent so far. While there is talk of a fair amount of damage in France, the private trade believes that estimates of damage from sprouting may be exaggerated. It may be some time yet before the crop situation on the Continent can be ascertained more accurately, but indications are still for a larger outturn than last year.

Chicago wheat stocks increased 735,000 bu to a total of 14 1/2 million bu, corn decreased 439,000 bu, oats increased 307,000 bu, and beans were about unchanged.

Markets were pretty strong most of the day. There was not much commercial buying in wheat, but stop-loss orders were uncovered when new highs were made for all futures but September, and pressure was very light. Beans reacted from the early highs, but did not yield much ground, and the close ranged from 3 3/4 to 6 5/8¢ per bu higher. Corn was a little higher, mostly in sympathy with the strength in other pits. Rye was a good deal higher, and our market advanced considerably more than Winnipeg.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

August 13, 1957

The Department of Agriculture published a pamphlet recently, and in it they estimated that from July 1, 1957 to June 30, 1958, they would sell from their inventory of corn some 396 million bu, During about the same period they estimated that they would dispose of about 180 million bu wheat. These are enormous figures, but in spite of the fact that they dispossess themselves of accumulations they acquire through the Support Program, it still leaves them with large stocks on hand. It makes the normal laws of supply and demand inoperative because nobody can be sure that the full quantities they intend to sell will go into domestic or export markets, nor for that matter, does anyone feel sure that the amounts may not be exceeded. Thus when government sets aside the free market as the guide to production and prices, it invites utter chaos, Even after a generation of legislation for agriculture our problems are still far from solution, and Mr. Benson tacitly admits that we have failed in our purpose. As recently as 1954, total federal, state, and local tax, and non-tax government receipts came to $89.6 billion; in 1956, the figure reached $107.6 billion. In the latter year our national income stood at $343 billion. Thus it is apparent that nearly one-third of the national income is channeled through government. In other words, we are approximately one-third socialized. Should this trend continue as it has since 1929, in fifty years 99% of our economy will be socialized and only one person out of 100 will be privately employed. No one expects that this trend will continue, but at the same time there is nothing in sight at the moment to stop it.

Before our market opened this morning, there was not too much to guide it. There had been some good rains in the spring wheat districts and a few in Manitoba, but no precipitation to speak of in the more westerly Provinces, Both the Saskatchewan and Alberta Pool reports show virtually no change in condition from a week ago, In our Northwest small grain harvest ranges from near completion in southern SouthDakota to about 25% to 50% in northeastern North Dakota. According to the Peavey Report, both yields and test weights of wheat and durum are surprisingly good over most of the area, with only a small part of the samples in the 50 to 55 lb range. We shall probably have some thundershowers to heavy rains covering the state of Iowa, and the moisture will extend eastward to other parts of the corn belt, all of which was construed a little bearish this morning. Beans, which had been very strong yesterday, reacted during the early minutes of trade. Sentiment in wheat seems to be friendly for several reasons. First of all, it is thought that while impoundings were slow in getting under way, these will increase from this time onward. Secondly, Chicago has probably seen nearly the peak of its accumulations except for some wheat that was bought earlier to come here and has not yet been shipped. Should there be export business in soft varieties, it could easily affect this ma ket as we started with a smaller carryover of soft wheat and raised some 40 millicn less than last season. Thirdly, there has been a traditional period of advance from this time onward eversince the Support Program has been in effect. The combination of making inroads into our surpluses, plus impoundings, has lent strength to the wheat market.

The visible supply, which was late in being posted, showed an increa for wheat of 7 1/2 million bu. This raises total stocks to 350 million bu, which is still 46 3/4 million bu less than last year. The corn visible, despite a decrease, is still 112.4 million bu, or 67.6 million bu larger than last year. Oats decreased to 12.2 million bu, and soybeans are down to 3.5 million bu vs 4.7 million bu last year. Today's primary run of wheat was 3.3 million bu -- a little less than last week but nearly twice as much as last year. Kansas City and Minneapolis stocks sc far this week show a total increase of 199,000 bu.

Beans, after some early weakness, turned firm for a while, but ther was no sustained strength, and trade was much smaller than yesterday when shorts were covering on such an active scale. Wheat held well, but there was very little commercial business. We hear almost nothing of export trade, while flour business is dull. There was, however, some local buying, and the market ran into stop losses with the result that all futures went to new seasonal highs. Corn was rather indifferent and closed lower. The fact that the government has set a policy to liquidate a good part of its holdings during the season, offsets to some extent the small er crop.

Reports that we get from growing areas show an optimistic tone and

while both corn and beans are late they are developing rapidly, and the weather outlook is good. Rye was firm at times, but Winnipeg prices are at such a big discoun that it naturally causes hesitation.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 14, 1957.

From sources not well posted, criticism at times is made of the large traders' influence on the markets. The government has just released some figures which are enlightening. As of July 31, 1957, the open contracts in wheat on all Exchanges amounted to 150,739,000 bu. The government makes two classifications: (1) the large traders who report holdings of 200,000 bu or more in one future in one makret; (2) the small traders where reporting is not required. In the large traders classification the speculative interest in wheat as of July 31st on the long side was 14,611,000 bu, while on the short side it was 6,223,000 bu. There was quite a sizable interest in spreading operations but this has more effect on the relative price of futures and markets. The large hedging operations showed 25 million bu long and 83 million bu short, demonstrating the use of the market by flour mills, bakers, and elevator houses. The total long position of large traders, speculative, spreading and hedging, was 68 million bu, and the short position was 114 million bu. In the small traders' classification, in which the government is unable to separate speculating and hedging operations, the long interest was about 82 1/2 million bu and the short interest about 36 1/2 million bu. This illustrates the importance of the small trader in assuming price risks necessary for the orderly marketing of crops. Another figure of interest demonstrated that Chicago is the major wheat market of the world, and of the 150 million bu in total open contracts, 115 million bu were on the Chicago Board of Trade, about 28 3/4 million on the Kansas City Board of Trade, a little over 5 1/2 million on the Minneapolis Grain Exchange, and less than a million bu in all other contract markets.

Advices from Canada state that in the past few weeks, the deterioration in the three Prairie Provinces in the west of Canada has been arrested to some extent by heavy rainfall which occurred last week. The moisture was particularly beneficial in Saskatchewan although did not extend quite as heavily into Alberta, while Manitoba was benefited by several good rains. Comment is made that rains in Saskatchewan almost without exception were too late to be of maximum benefit, and that there is a large acreage where precipitation had been inadequate to meet current needs. Prospects in Alberta continue to diminish and late crops are suffering severely in the drought area.

In this country the government weekly weather and crop bulletin states that mostly dry weather during the week in northern states east of the Rockies was especially helpful for wide-scale harvesting, although showers hampered activities somewhat in parts of Colorado, Wyoming, and South Dakota. Winter wheat is nearing completion in the Panhandle of Nebraska and yields continue to be reported very heavy. In South Dakota the outlook is highly favorable with record large yields per acre of winter and spring wheat and rye. In Michigan the crop is averaging below expectation due to lodging and sprouting. The Iowa weekly bulletin points out that it was a dry week with the southern half of the state receiving little or no rain, while weekly totals in the northern half were less than 1/4 inch. Temperatures were about normal for this period of the year. The light rains did little toward alleviating a growing need for additional rainfall. However, crops generally look good, in all parts of the state. The Illinois weekly points out that corn and beans continue to develop at a rapid rate with generally favorable growing conditions of the past week. About 85% of the state's corn crop is showing tassels, with tasseling practically completed in the northern half of the state. Some damage is being experienced from Army worms and corn borers but no widespread serious damage has been reported. About three-fourths of the beans are blooming. This compares with 92% las year and an average of 90%. Devlopment shows considerable variation over the state, with 90% or more of the acreage in northern Illinois blooming and only slightly over half in the southeastern quarter.

Primary receipts of wheat today were 2,197,000 bu vs 2,345,000 bu last week, and 2,931,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks have increased 376,000 bu.

After an early sell-off wheat strengthened, although best price did not hold. It was reported in export circles that western Germany had purchased 410,000 bu hard wheat for November shipment from the Gulf. It was also announced that U S and Poland had completed action on a $95 million American aid program, which calls for loans and the sale of surplus American farm products for Polish currency. Today's agreement supplemented the original agreement signed in June. Corn, beans and rye were on the defensive during most of the session with the exception of September beans which were influenced by the demand for immediate cash soybean meal.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 15, 1957.

Last year the wheat export business was rather small until about September, and this was due to the fact that foreign buyers were waiting until the U S government returned the trade to private hands. During July and August clearances were quite light, but we find that so far this season shipments are even smaller. During the past week we exported less than 3 million bu wheat, and the week before only about 3.9 million bu. With larger crops in Europe and some of the countries still anxious to husband their gold and dollar exchanges, it is only natural to expect that our total shipments for the season will be considerably smaller than they were a year ago. The French crop was a virtual failure in 1956, when the wheat harvest was down to 5.5 million tons. This year even with some adverse weather the French crop is now officially estimated at 10.5 million metric tons. The reductions in the estimated outturn have been due to unfavorable wet weather late in the season, which caused extensive sprouting. Our surplus farm stocks were reduced last season through large sales abroad, and for about the first time since 1952, we had a substantial cut in our carryover reserve at the end of the crop-year.

The total U S exports play an important role in influencing the pace of business activity. Some of this is helped by government programs, but in any event exports of all merchandise last year were $17 billion, which compared with about $15 billion that domestic consumers spent on autos and auto parts; thus this trade is extremely important to us. Over 8% of all movable goods production is sold overseas, and thus one can readily appreciate the importance of this business. We have had some recession during the past six months because of smaller shipping through the Suez Canal and the sale of U S goods may also be affected by a slackening in the rate of growth of investments abroad. The sterling area holdings of gold and dollars are still vulnerable to speculative activity, and we have seen recently that both France and India had to institute import restrictions in an attempt to restore balances to their trade position. These various factors, together with a moderation in the pace of expansion in Western European industry, points to a leveling in U S export sales, not only of agricultural products but of other merchandise as well.

According to Broomhall, conditions have been mostly favorable recently for the growth of wheat in Australia even though some sections of the country would welcome additional moisture. There have been no official estimates of acreage, but most reports continue to indicate an increase over last year's small plantings. This has come about despite the fact that in some parts of that country, wheat lands are being diverted to other uses, and moreover, there is some dissatisfaction with the prices that are being obtained abroad on shipments of wheat. In the Argentine, conditions are mostly satisfactory for small grains, and there have been very few complaints regarding weather and soil conditions. Cold weather has prevented excessive early growth which might otherwise make plants more susceptible to later damage. There has been no official indication of the wheat acreage, and we shall have to wait until early next month when this is published.

In Europe yields are not expected to be seriously affected by adverse weather, although some downward scaling in estimates appears likely. Based on available data the wheat outturn in 16 European countries is placed at 38.5 million tons compared with 31.4 million last season, when extensive winter killing resulted, and 37.2 million tons two years ago.

Primary receipts of wheat today amounted to 2.6 million bu; this was a little heavier than both last week and last year. Kansas City and Minneapolis stock so far this week show a total increase of 567,000 bu.

The outstanding weakness today was in corn. The government sold about 350,000 bu overnight to exporters, and according to their program the disposal will continue on an orderly basis. Oats were influenced also by this weakness and closed lower. Wheat prices were relatively steady although there was no aggressive buying, and the close was little changed. The trade, however, is impressed by our government's deal with Poland to ship agricultural products, including wheat. There was some small to moderate flour business, but most mills are talking of general indifference following the recent heavy buying by bakers. The weather outlook is for some showers over the corn belt, and it will be moderately warm. There was hardly any precipitation overnight except in the area around Amarillo, Texas., and a few spots in Oklahoma. With the general feeling that crop prospects in beans are improving there was little selling in that commodit although the September future sold at about 6¢ over November, possibly influenced by the firmness in meal.

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CHICAGO, 4 August 16, 1957

During the 1956-57 crop season, the Department of Agriculture entered into agreements with various friendly countries for the sale of 292 million bu wheat and flour in exchange for local currencies. This program was started in 1954 and since that time a total of nearly 454 million bu has been shipped under P. L. 480 which included barters and donations. It is figured that the government sustained a net loss of some $547 million. This, of course, does not include additional losses that may be incurred in the use of these foreign currencies for purchases of strategic materials, or where the foreign funds remain idle and are of no immediate use to our government. The President has now signed a measure extending P.L.480 for another year to June 30, 1958, and one or two officials to whom we have talked are of the opinion that the billion-dollar appropriation will not prove sufficiently large to handle all the transactions which they might otherwise entertain. Wheat has been the greatest beneficiary and about half the programming was for this commodity alone, while as much as $225 million was committed as the cost of ocean transportation.

Before our market opened this morning there was not too much to guide it. There had been a late report yesterday by the Searle Grain Company, Limited, of Winnipeg, estimating wheat production in Western Canada at 314 million bu. If to this is added another 15 to 20 million bu, which is generally raised in the east, it will give them a total crop in excess of 330 million bu, but considerably less than the 537 million bu raised last season. Yet with the carryover estimated in the neighborhood of 675 million bu, it will still provide a total wheat stock in that country of about a billion bu. Thus even if exports during the coming season amount to 300 million bu, and assuming 150 million bu for home usage, it will still mean a reserve one year hence of some 550 million bu. This would compare with a previous peak of 601 million bu, and then, of course, there were many years when the reserve stock had fallen far below that figure. For example, in 1946 Canada carried over only 73.6 million bu, in 1947, 86.1 million, and in 1948, 77.7 million. Thus Canada still faces problems even on the assumption that this year's wheat crop will be a virtual failure based on previous experience.

There was not much moisture in the corn belt overnight except for a few light showers, although one or two points in Nebraska had as much as 2 inches rain, and there was also nearly that much around the Topeka, Kansas area. The outlook is for some scattered thundershowers over the corn belt but nothing of great consequence. This may have been the reason for firmness in beans and corn at the opening, but also, it must be considered that markets for both these commodities have been reactionary, and in beans there is not much pressure at the moment. Last season farm prices of soybeans averaged about 8¢ a bu above the support rate during the first ten months of the season. Despite this, farmers put a record 65.4 million bu of their 1956 crop soybeans under price support. This compared with only 30 million bu the previous season. Farmers defaulted on nearly 25 million bu to Commodity as against only 9 million bu a year earlier. CCC, however, has sold out practically all of the beans they acquired through default, which leaves them only scattered odd lots in farm storage. The 1957 soybean crop will be supported at an average rate of $2.09 a bu. We must assume that large quantities may go into the loan again this coming season, but as an offset the final production figure may be raised due to favorable weather since the first of the month when the crop had been estimated at 428 million bu.

Primary receipts of wheat were a little smaller at 2.7 million bu; this compared with 2.9 million bu last week and 2.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 779,000 bu. When the visible supply of wheat is posted on Monday it will compare with an increase of 2 million bu last year.

We had a rather strong wheat market, with apparently some investment purchases in the deferred months, which were the strongest. There was a report that 375,000 bu of hard winters had been worked to Germany, but flour trade was again on the quiet side. Broomhall reported that there was still about 100 million bu of wheat available in Argentina for export and carryover, and apparently they are being hard hit by U S competition. French wheat is now offered in Britain considerably cheaper than American. September corn seems to be influenced by the government selling program, and a new low on the crop was registered today. This finally had some influence on the later months. The action in the bean market was the reverse of yesterday --the September delivery weakened and narrowed on new-crop deliveries. The latter, however, were quite strong with oil higher.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

August 19, 1957

There was not much in the weather news over the week-end. A few scattered showers were reported over northern portions of Illinois and Indiana, as well as Iowa, with the heaviest rainfall of .69 inch at Des Moines, but elsewhere it was mostly clear and temperatures were about normal or slightly under. The prospect is for generally clear skies and slightly warmer but corn after mid-August is generally pretty much made, and the main thing that could befall the crop would be an early frost, but there is certainly no indication in the five-day forecast that we are going to have an abnormally cool spell. We mention all this because one ofthe long-term weather prophets had predicted a possible frost by the 25th of this month.

Despite all this there is not the same optimism in Illinois on the outlook for corn as there is for beans, and at the moment at least we must assume that the government August figure on total crop of 3,066 million bu is about what we shall raise. If this is the case, it would mean that the crop would be 11% less than last year's bumper yield but the smallest since 1954. The acreage of corn was reduced due to the reserve program, and also by wet weather at planting time. Besides this, yields are down a little because of excess moisture in eastern sections of the belt. Nevertheless, if the crops of corn and other feed grains should turn out as estimated on August 1st, our total output would be 130 million tons, or the same as last year. However, the carryover reserve will be about 6 million tons greater and thus there is no reason for apprehension. Of course, if there should be any marked deterioration, or as stated above, if there should be a killing frost earlier than usual, a smaller output would have to be reckoned with. A party, whom we consider very reliable, just returned from a 6,200-mile trip, having been away from home a month. He reported that the improvement of corn and beans in Kansas, Missouri, and Illinois was hard to believe. He also had a report from an official ofthe Hereford Association, who spent a week at the State Fair, and was told that beans and corn were average, with a large increase in bean acreage, especially in the south. Most of the beans in his area, which was around Decatur, Illinois, were as good as last year and more of them.

There was news over the week-end with respect to wheat. The Canadian carryover reserve was officially given at 723 million bu, which was by far the largest of record and compared with 580 million bu a year ago, and a ten-year average of 290 million bu. Of this total 319 million bu was still on farms and 229 million bu remained in country elevators. Thus it is apparent that even though the next crop will be much smaller, there are still tremendous supplies left back in the country. The carryover of oats was given and showed 223 million bu compared with 119 million bulast year and only 90 million bu during the ten-year average period (1947-56). Barley stocks were large at 141 million bu vs. 111 million bu last year and 70 million the ten-year average. Rye was 14 million bu this season compared with 15 million a year ago and 10 million bu average.

Late Friday an amendment to our rules that would have changed the method of handling deliveries was defeated by a vote of nearly 3 to 1.

Preliminary estimates indicate that the Australian wheat and flour exports from July a year ago to June of this year exceeded 131 million bu in grain equivalent. This compared with 99 million bu exported during 1955-56. The indicated total has been exceeded only three times in Australian history and the all-time record was 155 million bu in 1931-32.

Chicago stocks of wheat increased 225,000 bu for the week, to a total of 14.7 million bu. Local corn stocks decreased 527,000 bu, leaving nearly 23 1/2 million bu here. Oats increased 247,000 bu. There was very little change in rye, but Chicago stocks of beans increased 427,000 bu to a total of 2.4 million bu.

Trade was fairly active at times. Not much attention was paid to the news from the Middle East, although some stocks, particularly international oils were influenced by developments in Syria, with the latter's Army joining up with the Egyptians, and apparently both being heavily stocked with Soviet arms. Thus, it is somewhat disquieting. Grain markets were mostly lower, although after September corn made a new low for the season the market steadied, and the same was true of oats. Beans, however, were under pressure, and so was rye; both of these markets ran into stop-loss selling, and there appeared to be general liquidation. Wheat was firm for a time but finally lost ground. Both export and milling demand were extremely dull. There was some selling of beans after mid-session due to weakness in oil and meal; the latter two commodities had been very strong last week, and a reversal seemed to affect sentiment in the bean market.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 20, 1957.

An authority in the Southwest points out that there will again be a rather close balance between the demand and supply situation of wheat during the coming season, and in giving his reasoning for this statement we concur completely with his analysis. He figures that the aggregate supply of wheat based on the August tabulation, and taking into account the carryover of free wheat, will give us a total supply of 965 million bu. The present estimate of domestic food, feed, and seed needs as given by the USDA is close to 600 million bu. The government has forecast exports for the crop-year at 400 million bu, of which two-thirds, or 265 million would come from the commercial supply. Thus, there would be a total disappearance in these categories of about 865 million bu.

Nobody can at this time be sure how much wheat will finally go into the support program, but it is our view that possibly 150 million bu may be impounded, but even if only 100 million bu would be the final figure of tie-up, it would take care of our free stocks and create an artificial situation before the end of theseason. Of course, what is being said here may all take time for the reason that impoundings take place slowly, but, nevertheless, the impact on the market is just the same because farmers hold this wheat back and do not offer it for sale. Moreover, the export business is slow in expanding probably due to the fact that Europea buyers are living on native supplies, and it may be a little time yet before their purchases are more aggressive.

As we have mentioned before, P.L. 480 has been extended for one year, providing an additional billion dollars for foreign currency sales. Advices that we have had are that applications have far exceeded this amount, and thus far have been close to $2.5 billion of new agreements with wheat sought more than any other commodity. The Inter-Agency Committee is presently working on the allocacation of funds and some believe that they have not yet taken any decisive action with respect to soybeans until after the next government report in order to see what the size of the crop is apt to be. It now looks as though there would be some increase over the August figure of 428 million bu. In any case there does seem to be a delay in actual issuance of purchase authorizations, and this probably had something to do with yesterday's decline in oils, which in turn had its effect on the bean market.

There seems to be a little hesitancy in corn, which is natural after the sharp decline we have had over a period of weeks. The crop of 3,066 million bu is near average size even though it is one-tenth less than lastyear. There are, of course, offsets, as for example, the oats crop of 1,361 million bu is expected to top last year by nearly a fifth. Besides this, we have sorghum grain production estimated at 418 million bu, and at this writing our Texas people tell us that their crop is progressing most favorably, and that there may be a higher yield finally than was predicted by the government. Even on basis of the August figure, the sorghum crop would be more than double last year's, and 72% more than the all-time high reported in 1955. Then comes the barley crop at 432 million bu, which is about one-sixth larger than last year's harvest, despite some reduction is estimates that occurred during July. The hay crop is expected to be a record, with a forecast of 119 million tons, and while it is slightly below prospects a month ago, it is still the best yield we have ever had and would top last year by 9% and would be 14% higher than average. The previous high in 1955 was 113 million tons.

Primary receipts of wheat were 2.7 million bu; this compared with 3.3 million bu last week and 3.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 405,000 bu. The visible supply of wheat for the week increased 6 million bu, to a total of 356 million bu, which is still 42.8 million bu smaller than a year ago. The corn visible increased 1.4 million bu, and oats about the same. The bean visible increased 429,000 bu, mostly at Chicago to a total of nearly 4 million bu, or practically the same as last season.

The wheat market was rather firm for the nearby months, and a slightly better stock market brought a little buying into the pit, but July wheat was weak and at one time sold 18¢ under May. There was a little pressure on March and May wheat, and these futures, in our opinion, will finally reflect next year's lower loan level. Corn was barely steady, but there was no great activity. Beans were a little erratic, but were lower at the close as there seemed to be some selling on rallies, and the market was only fairly well supported. Weather seems satisfactory except that rains over some parts of the Belt would be welcome. It is still very quiet in the milling trade, and only a small volume of flour business is being put through. However, pressure Southwest and in the Central States is practically nil.

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CHICAGO, 4 August 21, 1957

There were some scattered showers over Iowa and they were not very heavy anywhere, but an unsettled condition has developed over the corn belt and the chances are that there will be some precipitation, light in character. During the next five days showers will be scattered and may be helpful in those areas where they are received. It is generally thought that the next soybean crop report will show an improvement over the August figure, but until we have it confirmed we must go by the last estimate of 428 million bu, which was about 6% less than last year's record outturn. This does not take into account the possibility that the 1956 crop was over-rated. The crop losses this year are largest in Indiana and Illinois where reductions of 6 and 20%, respectively, have been shown, as compared with last season. On the other hand, there were gains of 22% in Michigan, 26% in Wisconsin, and 28% in Iowa. We have learned to consume bumper crops. This writer remembers so well when a yield of 5 million bu was regarded as burdensome and the main use for beans thirty years ago was for plastic material while at present the extraction of oil and meal is of prime importance. Sometime back it looked as though we might have a carryover reserve of from 30 to 35 million bu. That, however, was based on a 1956 crop estimate of 455 million bu, which in our opinion will be cut in the last analysis to about 440 million. As a result the reserve stock in October may be quite nominal.

This has created an erratic situation in September beans, strength coming at times from the belief that unless we had an early harvest in September supplies might fall short before the new beans were available. More recently, however, processors have been more cautious as crop reports became more optimistic and the possibility of an early run was strengthened. For the coming season there will be less competition from cottonseed and flaxseed. The cotton crop is shaping up 11% smaller than in 1956, while the flaxseed crop is expected to be 15% less. However, fewer livestock are expected to be fed and there is some question whether foreign markets can absorb as many beans in the year ahead even though P. L. 480 will again be available although funds are less plentiful for sales based on foreign currencies than they were last season. The support price for the 1957 crop is 6¢ less than in the previous year but soybean prices recently have been averaging about 20¢ per bushel below year-earlier levels. This may have been due in part to liquidation of CCC's disposal of stocks acquired through default.

Overnight sales of corn to exporters totaled about 480,000 bu but had very little market effect at our opening. Poland has not yet indicated when it will buy but meantime exporters have been anticipating business to Spain and Germany and some hedges have already been lifted.

With some of the loop-holes tightened under Soil Bank payments, it is expected that a large winter wheat acreage may be planted. Formerly farmers could receive payments from the government and divert their land to other uses, but this is no longer possible and with soil conditions more propitious, Mr. Benson believes that less wheat land will be retired than last season when roughly 10 million acres were taken out of production. Last season due to drought conditions farmers complied more extensively than they probably will this season.

Primary receipts of wheat amounted to 2.4 million bu, which compared with 2.2 million bu last week, and 1.9 million bu last year. Kansas City and Minneapolis stocks show a total increase of 696,000 bu so far this week.

The wheat market was weak early in spite of some export buying. Flour business continues light with inquiries small. However, there seemed to be some covering late in the session, and also some additional hedge buying by a house that often acts for an exporter, which gave us a rather sharp rally. We heard a few comments from downstate that rains would be needed to prevent deterioration in beans, and this very likely was the reason for some of the firmness in new crop futures. The market is about midway now between the season's high and low, and with the noon weather forecast less optimistic than the earlier one, there seemed to be a little caution on part of those who had been bearish, and the market responded rather easily to moderate buying. Corn did not follow the trend of other cereals much either early when there was weakness, or later when strength developed. This is due mainly to general indifference, and a good many people are on the sidelines waiting to see whether Secretary Benson will grant a secondary loan to corn farmers. There was considerable strength in the August meal market, with this being the last day for terminating contracts, but it had only a fair amount of influence on other delivery months. The hog market was quite active and closed 25 to 50¢ higher. This steadied the lard market a little after some early stop-loss selling.

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CHICAGO, 4 August 22, 1957

In view of the fact that domestic disappearance of wheat has hardly increased in this country, even with the tremendous growth in population, it is abundantly obvious that we must still depend heavily on our exports in order to prevent accumulations in the reserve stock at home. There was only one year in history when the disappearance of wheat for home usage was well over the billion bu mark. That occurred in 1943 when we reached a peak of about 1.2 billion bu. However, conditions at that time were most unusual. There was 108 million bu of wheat that had been subsidized for use in making alcohol for war purposes, and 511 million bu was used that year for feed, largely to supplement regular feedstuffs, and to make enough concentrated food for our allies who were busy at war and unable to carry on normal operations. At the present time negligible quantities of wheat are used for alcohol. Moreover feed use currently is about 60 million bu, while wheat for food and seed is down to some extent.

Last year the domestic utilization dropped to 587 million bu, which was 14 million bu smaller than in the previous season, and was actually the smallest amount thus used since 1921-22. A combination of factors, mainly smaller feed requirements, but also less needed for seed contributed to the decline. On basis of about 8 million acres being retired from the 1958 wheat crop, due to the Soil Bank program, we would have a seeded acreage of about 53 million acres. The average yield from 1952-56 would result in a crop one year hence of about 850 million bu. This probably would be less than total disappearance, including exports, and would thus result in some reduction in the carryover on July 1, 1959. Of course, nobody can be sure yet how much acreage will be retired under the reserve program, but if there should be favorable moisture conditions at planting time it would certainly tend to reduce participation, while on the other hand drough would have the opposite effect. About 12.8 million acres were placed in the Soil Bank for the 1957 crop of wheat, and it might even had been larger except that farmers were limited since the program was somewhat late in being announced, but on the other hand they had the advantage of being paid for land retirement, and at the same time were permitted to divert land to other uses, which is no longer possible under the law.

In trying to evaluate the price of wheat, there is another most important factor: namely, the amount that may finally go under the support program. By July 15th there was only 7.6 million bu impounded; this compared with 44 million bu a year ago, but only 6 million bu in 1955. It might be said that the small quantity under support in 1957 reflects the delayed harvest, and the smaller production in Oklahoma. There is in addition to this, also, a lag in getting the figures compiled, as County Agents are not necessarily fast in communicating their reports to Washington.

We see little chance of exporting more than 400 million bu of wheat and flour during the season ahead; in fact, shipments might fall below that government estimate even with the P L 480 program available. During the seven years ended 1951-52 the U.S. was the leading exporter of wheat, with annual average shipments of 417 million bu, or 46% of total world trade. In the previous 20 years exports had averaged only 81 million bu, which ranged from 4 million bu in one of the drought years to 144 million bu in 1944-45 (at the close of the war).

The Kansas and Oklahoma weekly reports stated that localized rains were o benefit last week, but that moisture is needed over much ot the two states. According to Broomhall, wet weather prevailed during much of the past week in the U K, and a dry spell is wanted to permit completion of the harvest. In Italy, the Durum wheat crop is estimated to be 300,000 tons larger than last year, but bread wheat harvest smaller. Advices from Western Germany states that import requirements for the 1957-58 season will reach slightly over 2 million tons of wheat and 2.6 million tons of feed grains. The indicated wheat needs are slightly under estimate at this time a year ago, while estimates for feed grains needs are larger. In Franc the wheat crop is still placed at 10.5 million tons with harvest completed over mos areas.

Primary receipts of wheat were about 2.4 million bu vs 2.6 million bu last week and 2.3 million bu last year. So far this week Kansas City and Minneapolis wheat stocks have increased 965,000 bu.

Markets were firm at the opening, but with the exception of corn, reactions occurred. Short covering took place generally in all pits at the close. Co[illegible] hea [illegible] being influenced by weather, with the outlook for generally fair in Illinois, Indiana, and Ohio, and possible scattered showers and thunderstorms developing in Iowa and Minnesota.

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CHICAGO, 4

August 23, 1957

The wheat carryover on July 1, 1957 was estimated officially at 905.2 million bu. This was a drop of 128 million bu from the near record stocks a year earlier, and 131 million bu less than the absolute record reached two years ago. It is still interesting, however, to see how these reductions were listed by grade classifications, and we note that the reserve stock of hard wheat of 645 million bu showed a reduction of 46 million from the year before. There was only 10 million bu red wheat carried over compared with 17 million the year before. Thus the crop and carryover of soft wheat is actually 47 million bu smaller, and this is important particularly if there should be any large demand for export, as total supplies of soft red winter wheat are only 151 million bu. Thus there might be a very close adjustment before the end of the season. The carryover of spring wheat was increased 8 million bu to 193 million, and durum stocks were increased 8 million to a total of 15 million, while white wheat mostly on the Pacific Coast was reduced to 42 million bu, or a cut of 91 million bu from the previous year.

It is also interesting to note that of last year's impoundings, which at the peak amounted to 253 million bu, the defaults were only 133 million bu, which means that at some time during the season redemptions of 120 million bu took place. We know that high prices in the Pacific Northwest permitted a fair amount of wheat to come out of the support program, but there must have been redemptions elsewhere and it took a reasonably high price to bring this about. Another item of interest is that the amount of free wheat in the carryover on July 1st was only 52.6 million bu. This compared with 54 million bu last season and about 46 million bu two years ago. The rest of the carryover was in government hands.

Coming now to rye we had a carryover reserve of 6.6 million bu on July 1. Making allowance for probable imports of 3.4 million, and an estimated crop of 26.4 million bu, the total supply for 1957-58 will amount to 36.4 million bu. This compares with 41.6 million a year earlier and an average of 37 million in the 5-year period, 1951-55. The USDA assumes that exports this coming season will amount to only 4 million bu and that the domestic disappearance will be the same as last year, or about 24 million bu. This would give us a reserve stock on July 1, 1958 of about 8 million bu, or a little more than we had on hand on July 1st of this year.

Early indications were for showers in Iowa this afternoon and tonight and portions of Illinois and Indiana Saturday, followed by lower temperatures. This gave us an easier market at the start, particularly as there had already been some scattered showers over the spring wheat belt, heaviest at Minneapolis where one inch fell.

CCC sold exporters 263,000 bu corn. U.S. wheat and flour shipments according to Broomhall, amounted to 4.7 million bu during the past week and the total is 47 million bu vs 69.3 million last season. Corn shipments during the week were 2.8 million bu, and since October 1st totaled 141 million bu. This compared with 98.3 million last season. To show the importance of P.L. 480 to our export program, 81% of the rice shipments last season were due to this factor, about 57% of wheat and flour shipments 51% of feed grains, and 48% of soybean and cottonseed oils, as well as 26% of our cotton. In addition to this large export sales were accomplished at below market prices, which played a large role in the export movement.

Primary receipts of wheat today were 2.6 million bu, which was a little less than last week but somewhat more than last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1 1/4 million bu. When the visible supply is posted on Monday it will compare with an increase last year of 3.3 million bu.

Markets were rather dull. Flour business was slack, but there was a little more activity in exports, with Formosa expected to buy 320,000 bu of wheat sometime today. It was also reported that Germany had bought 9,200 tons #2 hard wheat for October-November shipment. Crop reports were generally favorable, and we ha some late reports of nice rains in Iowa, where they were needed. According to the mid-day forecast this may spread Eastward into Illinois, Indiana, and Ohio, but mostly in the northern sections of those states. Soybeans and corn, which rallied at the close yesterday reacted today. Japan bought between 3,500 and 5,000 tons of beans for October-November shipment, but this apparently had little influence on the market, although the September future was again relatively firmest. We would not be surprised if there would be a decrease in Chicago bean stocks on Monday. Winnipeg reported that 135,000 bu of Canadian oats were destined to Chicago.

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CHICAGO, 4 August 26, 1957

Weather over the week-end followed the prediction, and there was a considerable amount of moisture over the corn belt, with some nice rains reported all through Illinois, Iowa, and Indiana, and in fact, the whole territory had relief. It averaged about 1/2 inch over the important sections of the belt, and in addition to this some more rains are likely tonight or tomorrow. There were a few scattered showers Southwest and a considerable amount of rain fell over the Canadian Provinces, while elsewhere it was generally fair. A low of 29 degrees was reported at Regina in Saskatchewan this morning, and frosts are possible along the Canadian border tonight, while in the Southwest temperatures should drop after a very hot period. The first effect of the rains brought some selling into beans, while corn was also a little weaker, and there can be no doubt that both the corn and bean crops have made very good progress so far in August, but still there is some doubt whether the final outturn in beans will be any higher than last season owing to the fact that the Illinois crop, whichis the largest inproduction, will probably show some losses compared with 1956. Indiana is also down but there are increases in Iowa, Michigan, and even in Wisconsin. As for corn, if the crop reaches a figure of 3.1 million bu most optimists would be fairly well satisfied, but still there should be no shortage of feed grains owing to the heavier production of sorghums, barley, and the chances for a bumper hay crop.

Otherwise, there was not terribly much to guide our market this morning. Canadian wheat shipments last week were the largest so far on the new crop. They cleared a little over 7 million bu, and apparently took advantage of the lateness in Europe's crops, plus the fact that Canada has a much higher quality crop this year than she did last, even though it is considerably smaller in size. Perhaps it is a little too early to make rash predictions as to how high the protein will run but from such samples that have been examined from early threshing it looks as though Canada would produce the quality wheat that is much sought in world trade, and if the price remains right she may get back into the export business again on a fairly active scale, while last year most of the business from North America emanated from the U. S.

Broomhall points out that this is almost a necessity as the Canadian carryover reserve was about 723 million bu compared with a revised estimate of 579.5 million bu on the same date a year ago. Even during the war years when trade was disrupted, the reserve only crept up to about 594 million bu in 1943, and it seems that the government under the previous Premier was rather complacent in the handling of these surplus stocks. The Wheat Board unfortunately was not sufficiently flexible to take advantage of quick changes in the incidence of demand, which has always been a characteristic of the trade when markets were free and competitive. At the moment there is a good demand from Europe for anything readily available, and with the variable quality of the U. S. wheat crop, Canada may have a chance to recapture a larger portion of Europe's markets. However, with the large stocks of wheat inthe world, this can only be accomplished through an aggressive selling policy at relatively low prices.

The wheat market was rather heavy. Chicago wheat stocks increased 154,000 bu to a total of 14.8 million bu, but there was little else to attract the attention of traders. Flour business was very poor over the weekend and export demand was likewise slow. Markets drifted irregularly lower although there was a little buying on the break which probably came in sympathy with the firmness in beans. The latter recovered 2¢ from an early break, and about the only news was a frost warning for northwest Minnesota in the mid-day forecast. The Weather Bureau also looked for a possible light frost in the extreme northwestern part of Wisconsin. For southern Minnesota lows of 40 to 50 degrees are in prospect. Shorts appeared a little apprehensive and there was moderate covering.

Corn rallied a little from the lows that were established early but there was no real gimp to the market, and in fact the yellow cereal has been quite indifferent now for several weeks. Local corn stocks increased 225,000 bu to a total of 23, 7 million. The Chicago stock of beans decreased only 72,000 bu which leaves 2, 3 million bu here. While some beans are apparently going out, there are also a few coming in not only by rail but by truck and barge.

Rye was rather weak and there was no particular feature except lack of buying. Also, of course, the Canadian market is far below our level.

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CHICAGO, 4 August 27, 1957

The noon forecast yesterday warned of the possibility of frost for northern Minnesota and northwestern Wisconsin, but owing to the fact that skies were cloudy and temperatures did not drop as low as had been expected, the emergency was averted, although it is still rather cold for this season of the year. Our own weather man does not believe that there is any imminent danger of a killing frost for even those northern sections of the country.

We heard that the Soybean Processors Association was figuring tentatively on a bean crop of 430 million bu, which was about in line with their estimate a month ago, and practically the figure which the government gave for its August report. Quite a few of the delegates who attended the Minneapolis meeting thought this was a low figure in view of the improvement which has taken place, but we must bear in mind that while there has been no change yet in last year's crop figure of 455 million bu, there will probably be a downward revision to about 440 million bu when history is written; therefore, the current crop is not running far below last year's final harvest figure.

Total U.S. exports during fiscal 1956-57 amounted to $19.2 billion. This excluded military aid shipments and it represented an increase of nearly a fourth above the year earlier. Increased farm exports which were up 35% from 1955-56 contributed about a third of the gain. The various surplus disposal programs made possible large shipments of cotton and wheat, and as we have mentioned in our letter on numerous occasions, had it not been for P. L. 480, chances are that clearances of wheat would not have reached record proportions as they did. During the season just closed our wheat exports were about 56% greater than they had been the year before, and because of the heavy activity under P. L. 480, it was figured that about 57% of the wheat and flour shipments were due to this factor alone. Then, of course, there were other methods undertaken, such as barter agreements, as well as CCC sales below domestic market prices, which played an important role in the total export movement, not only of wheat and flour, but of all farm products. Quite a few commodities were shipped abroad under the Mutual Security program, and in the case of cotton it moved under Export-Import Bank loans. If most of these additional programs were taken into account, it would raise the percentage of wheat and flour shipments to 68%, thus indicating that our normal business was of a somewhat minor character. While corn exports have likewise been very heavy, it is reckoned that 63% of all feed grains were sent abroad under various government programs. By the same token 59% of edible vegetable oils fell under the same category. If all the CCC sales for export below domestic market prices were included in these calculations, the percentages would be considerably higher. So it is rather difficult to calculate what the actual demand would have been except for government help. The small shipments from Canada may likewise be attributed to our very aggressive policies.

It is thought that India may utilize this year, instead of over the next two years, all of the approximately $160 million remaining under its P. L. 480 agreement. Japan will have available a special Export-Import Bank loan of $115 million to finance its purchases of U. S. farm commodities, in addition to another $60 million cotton loan, which has been a regular part of their import financing in recent years. Taking all this into account it is not a simple matter to forecast what the wheat and flour shipments may be during the current season, and while a stated figure of 404 million bu has been mentioned by the government, we do not quarrel with their conclusion as there are too many factors involved and price alone is not the main consideration.

Kansas City and Minneapolis stocks so far this week show a total increase of nearly 300,000 bu. Primary receipts of 2.6 million were slightly less than last week and last year. The wheat visible during the week increased 5.5 million bu to 361.6 million, which is 40 million less than last season. Beans decrease 319,000 leaving 3.6 million bu in all positions.

Markets were extremely dull. Wheat was weak early and the combined car lot receipts of wheat at Minneapolis and Duluth were 1,443 cars. However, there was not much pressure and on small local buying the market rallied. Some of it was due to the firmness in beans which also receovered after early weakness with the September future gaining on the distant months. Corn was rather indifferent and closed lower. Rains are forecast for the corn states.

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CHICAGO, 4 August 28, 1957

Adequate food supplies have been essential to the survival of every civilization since the beginning of time. With the exception of Canada, whose population is small, we doubt whether any country could equal our record of shipping more wheat and flour abroad during a single year than the amount consumed at home by every man, woman, and child. Considering the vast growth in population in this country, it is a remarkable record. It is even a greater phenomenon that a nation can supply all of its own food requirements and much more while devoting only a fraction of its resources, manpower, and skills to the production of food. It is not only wheat, flour, feedstuffs, etc., but a vast variety of foods that we are exporting every year while at the same time not only maintaining our level of diet at home, but even improving it greatly. Some years ago it was said that a third of our people were poorly housed and poorly fed, but today probably as few as 10% of the households can be said to be on inadequate diets by the standards that were used in the earlier period. Today about one-third of our children in elementary and high schools are participating in the School Lunch Program. The latest figures given by USDA show that 1.8 billion half pints of milk were consumed by children under the Special Milk Program, and this has been an important measure in reducing calcium deficiency, of which milk is probably the best source. It has also been a great boon to the dairy industry. A billion lbs. of food has been distributed to schools and other eligible outlets in carrying out this program. It was part of the total effort under which the government disposed of the nearly $4 billion worth of surplus agricultural food and non-food items last year.

Before our market opened this morning, there had been quite a few rains reported over the corn belt and moisture was also quite good in many parts of the Southwest. The heaviest rain was at Omaha, Nebraska, where nearly 2 1/2 inches fell. More rain is in prospect, with fairly cool temperatures, although in the 5-day outlook it appears as though there would be a warming tendency. Markets probably opened higher as corn and beans need warm days for maturity, particularly in those sections that were late. The state crop reports for Illinois and Iowa showed little change, but in the latter state the crop has maintained a constant rate of progress toward maturity, although in Illinois growth was retarded a little by recent cool weather, although virtually all of the soybeans in northern Illinois have bloomed, while only 80% of the fields in southern Illinois have started blooming. This ordinarily takes place by August 20th. Beans, like corn, show considerable variation over the state.

We understand that weather in Europe is unfavorable, with heavy rains and high winds and that harvesting delays are resulting in modest improvement in foreign demand.

On Friday, tenders on September deliveries will be made and we believe that upwards of 2 1/2 million bu corn will be put out, possibly 1 1/2 million bu wheat, depending somewhat on the carrying charge between September and December, as elevator interests are still transferring hedges into the deferred months. There may be as much as 400,000 bu oats, with the better varieties being held back due to the high premium they are commanding.

Primary receipts of wheat amounted to 2,280,000 bu which compared with 2,394,000 bu last week and 1,867,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 544,000 bu.

Trade was very dull but the main feature today was in corn. The combination of government selling and the possibility of heavy deliveries in September caused liquidation and a season's low of the nearby future which went to a discount under December. It is seldom that this happens so early as generally processors are willing to pay a few cents premium to get dry corn. Beans were stubborn and the fact that weather was wet over the belt caused some buying of September which increased its premium over November. The official mid-day weather forecast indicated an unsettled condition, but this does not mean that we are going to run into a long wet spell although temporarily it is having some effect on the trade. Wheat was rather firm for a time and while flour sales continue slow, there was a little buying of futures early that indicated that some business may have been done overnight. Little was reported in export circles except that some white wheat was sold from the Pacific Northwest. There was a fair amount of May and July wheat bought today by a commission house and this gave us a little more strength for the deferred futures than for the nearby. Oil and September meal prices were higher and this may have had something to do also with the firm tendency in beans early, but trade on the whole was quite light and there was selling toward the last, which resulted in a lower bean close.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 August 29, 1957

September corn, which was weak yesterday, opened lower again this morning, and made a new season's low. Ordinarily on an indicated crop of 3,065 million bu the trade would not be particularly bearish, as a crop of this size is only about sufficient to take care of our consumption. Unfortunately, however, the government continues to sell accumulated holdings that it acquired through default, and overnight they disposed of more than a million bu to exporters. Secretary Benson has pointed out that when a farmer turns over his crop to the government, he may transfer the title but that he has only partially transferred the problem. This apparently is being demonstrated at the present time, and as he has also said on occasions when a commodity is put into government storage there are only three possibilities: (1) The reserves can be released in the domestic market in competition with current production, and so reduce market price. (2) Surpluses can be disposed of abroad with the attendant dangers of displacing normal sales and antagonizing friendly foreign nations. (3) Surpluses can be allowed to spoil, a thing which the American people will not tolerate.

The unfreezing of accumulated inventories is having a depressing influence on the market, and as we pointed out several weeks ago, the estimated dispositions of corn from July 1, 1957 to June 30, 1958, are close to 400 million bu. While a part of this corn may be exported there are certainly quantities that will be released for the domestic market and thus the truth of Mr. Benson's statements are proving to be a reality. In our part of the country the average killing frost is about October 8th but in the territories farther north, the freezes come earlier. For example, in Pine County, Minnesota, there have been frosts in 9 years out of the past 50 prior to September 1st, and in 18 years out of 50 prior to September 10th, and in 39 out of 50 years prior to September 20th. This is the greatest extreme, although in Cass County of the same state there have been 4 years in 50 when a frost occurred before September 1st, 13 years in 50 prior to September 10th, and 27 of the last 50 years when a frost occurred prior to September 20th. Thus it can be seen that in those districts even if the crop were on time, there would be fairly large quantities of corn that would not be suitable for commercial purposes and probably rather large percentages are, therefore, used for silage. Closer to home we find that warmer temperatures are indicated for Illinois, Indiana Iowa, with not much rain likely for the corn belt, while the overnight moisture was not aggravated to any extent although some light showers fell over northern portions of the belt. Weather in Europe continues unsettled although there were a few clear days that stimulated harvesting and threshing operations. The rains, however, last week will probably result in more germination of cut grain which has not been moved from the fields.

Broomhall's correspondent in France now considers that a wheat estimate of 10.5 million metric tons is close to the truth and will furnish a good surplus for export. However, quality may have been impaired in a few regions from wet harvests and subsequent sprouting; the larger portion on the crop, however, should be satisfactory for milling after it dries out. In Germany, wheat production will exceed last year's crop but coarse grains will be about the same. In Australia new wheat is making better progress with improved weather, and acreage is believed to be slightly larger than last year's small area. Supplies of old wheat are not large and prices in that country are firm. Nothing much is said about Argentine wheat prospects but corn receipts are very heavy and the government is inducing farmers to get corn in position for export rather than to encourage feeding to livestock at home.

Primary receipts of wheat amounted to 2,465,000 bu compared with 2,383,000 bushels last week and 1,785,000 bu last year. Kansas City and Minneapolis wheat stocks so far this week show a total increase of 843,000 bu.

Trade again was on the quiet side and markets were uninteresting. Recent rains in Kansas and Nebraska tend to keep farmers from participating this year in the Soil Bank Program. Many of them last year were forced into it because of the drought. Exports are extremely disappointing and some of our Canadian friends believe that later on there will be more competition from Canada. They still are grieved that last season their wheat and flour shipments were only 262 million bu while we exported 547 million bu. The U.S. share of the total world shipments was nearly 50% of the total while Canada contributed only 22% against 34% the year

before.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 30, 1957

For the past two weeks Canadian wheat and flour shipments have been running in excess of 7 million bu. We believe that this is due to the fact that Europe has been taking high quality wheat, and the new harvest while just getting under way will furnish much better types than were available last season when the crop was a good deal larger. According to the present estimates, Canadian production will probably be anywhere from 200 to 250 million bu less than last year. Ordinarily this would be quite a bullish factor but even with her smaller crops, (and this refers to other grains as well) the movement from farms is abnormally slow. Country elevators and grain terminals are filled with grain and farm marketing will depend on the rate at which commercial storage space is emptied by sales.

We spoke with a leading exporter yesterday and asked him whether he thought Canada would make great efforts to regain her prestige in the export field. No doubt Canadians are letting their heads hang with embarrassment since last year they shipped 262 million bu wheat, which was only about 22% of the world market. Whether they will reverse this downward trend in 1957-58 is impossible to predict. There are no plans on part of the new Premier to start cut-throat competition with us, but the Canadian Parliament, as we understand it, will not convene until October, and after that they may try to make inroads into foreign markets again just as we did last year when we shipped nearly 50% of world import requirements through various government programs. Just what is happening to our export trade in wheat is difficult to say except that possibly the CCC has not yet arrived at allocations, and we note that during the past week we exported only 2.4 million bu wheat and flour, which brought the total since July 1st to 51 million bu compared with 80.5 million in the same period last year. Our corn shipments during the week were 1.4 million bu, and since October 1st we have cleared 144 million bu vs. 99 million bu a year ago.

The world trade in wheat last season was a record, with takings of 1,200 million bu, and as we just stated our country sparked the "give-away" program, which was made a little easier owing to the fact that European crops had turned out poorly. This year of course, the demand will be smaller, and it remains to be seen what our competition will offer, particularly Canada, whose carryover reached a new high of 723 million bu wheat. Even after allowing for liberal domestic consumption, our northern neighbor will have some 873 million bu available for export and carryover, and we can see the possibility of their becoming much more aggressive later on.

There was some heavy rain around the Chicago area and nearly 3 inches at Dubuque, Iowa, but the corn belt generally did not have a lot of moisture, nor does our weather man believe that there will be a great deal over the long holiday. The 5-day outlook, however, anticipates some showers during the end of the period.

We noticed yesterday that CCC had loaded some corn out of Kansas City elevators and a few cars were sold on the spot market at $1.17 per bu, which at the time of sale figured about 6 1/2¢ under the Chicago December future. This is another indication of the weakness in the feed markets. Most people believe that when the new milo crop starts to move, prices will be low, which in turn might have some bearing on corn.

Primary receipts of wheat were down to a little over 2 million bu which compared with 2.6 million last week and 2.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of over a million bu. When the wheat visible supply is posted next Tuesday it will compare with an increase last year of 4.3 million bu. Up to noon the tenders of wheat including old and new contracts were 1,375,000 bu. The tenders on September corn contracts were 2.9 million bu with 465,000 bu of oats tendered, 95,000 bu of rye, and 201 contracts of oil.

Wheat had a firm undertone. There was very little volume and the flour demand was slow with practically nothing heard of exports, but nevertheless pressure was light and on small buying there was a slight improvement.

The noon-day official weather for the corn and soybean areas was fairly satisfactory. Temperatures will be reasonably high over the belt which is good for completion of the crops, and a good many of our private estimates are still extremely favorable. Next week we shall have a private estimate, and would not be surprised if there were some improvement over the official August figures.

Corn rallied but beans were lower.

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CHICAGO, 4 September 3, 1957

If we understand correctly, Secretary Benson places faith mostly on flexible supports in connection with farm programs. On June 9th of this year, in a speech at Vermont, he emphasized that CCC has nearly $9 billion invested in its inventory and commodity loans. He stressed that the enormous stockpile has come to be the root of much of our farm troubles. In his own words: 'It has built up about one and a half times as fast as it could be liquidated. Though it is government held and government guarded, it still is part of the world supply of the commodities involved - and as such is exerting a depressing influence on market prices....We have learned an unhappy lesson from the government loan and storage programs." In a later speech he called attention to the fact that the acreage reserve portion of the Soil Bank is a temporary, emergency program that was made necessary by the shortcomings of the old production controls. In his words: "It is a direct attack on the surpluses." To quote him again, he stated that price support played a part in pricing us out of world markets from 1953 to 1956. Said Mr. Benson: "Others advocate a two-price arrangement as the solution. Under this system domestic prices would be supported at 90% of parity, while exports would sell at a more competitive price. The proposal, by his tacit admission, merits earnest consideration, and he said the Department had studied it carefully. He fears, however, serious disadvantages in that such measures in themselves create strong economic incentives to noncompliance. We disagree heartily with the latter philosophy particularly as it would apply to wheat. We see no reason for holding up prices of surpluses artificially because when the incentive is too great farmers produce only for unwanted markets. Feeling as he does that the Soil Bank is only a temporary measure, we are wondering what permanent solution he visualizes, and, therefore, must conclude that he still favors lower and still lower supports, which admittedly will cause less trouble than high mandatory loans, but at the same time it is merely a matter of degree.

After the close of the market on Friday, the Dominion Bureau of Statistics at Ottawa gave its first official estimate of Canadian wheat production. They forecast a total wheat crop of 359.6 million bu, which was a considerable drop from 573 million last season. Nevertheless, with a carryover reserve of 723 million bu, it still gives them a total supply of 1,082 million bu, and even allowing 160 million bu for domestic utilization, Canada would have 922 million bu wheat for export or next carryover. On the assumption that they ship no more than last season, it would still leave them with a reserve stock of 660 million bu on August 1, 1958. Their oats crop was about average, and barley somewhat better than average, but both fell short of last year's high figure. Due to adverse weather in that country the yield of wheat per acre was down 8.1 bu. Oats declined 10 bu while the barley yield declined 7.3 bu per acre. Rye was about unchanged and the crop tentatively estimated at 7.2 million bu, would be larger than in 1956 but some 5.2 million less than average.

Chicago wheat stocks increased again during the week to 15.1 million bu. Local corn stocks were up 444,000 bu to more than 24 million. Rye stocks were about unchanged and local bean stocks declined 389,000 bu leaving less than 2 million bu here.

With fine weather that we had over the holiday, beans were weak and the Baldwin Elevator Report was quite optimistic with the crop moving right along to maturity. On Friday the Agriculture Department published August parity prices, but there was no change from the month before. The deliveries did not seem to upset the market, and as a matter of fact wheat was fairly firm and apparently tender. have gone into fairly strong hands which is the same situation that exists at Kansas City.

Corn was somewhat higher, and there are traders who believe that government selling may taper off when new corn is available. This, however, is not a certainty and according to Washington reports, USDA has no intention of stopping sales of high moisture corn that are now being tendered from farm loan defaulted stocks. The extent of CCC selling may depend on the September crop report. Best prices did not hold.

Weakness in beans probably influenced some of the other cereals and while there was no heavy selling, the markets reacted a little from best prices that were established earlier in the day. Milling demand was still poor but there was some export business in wheat although we did not see many wheat hedges being taken out of the pit.

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CHICAGO, 4 September 4, 1957

There was not a great deal of news overnight either with respect to grain itself or to the weather. Temperatures are probably a little below normal, but skies are clear. From all reports we have had beans seem to be making fine progress toward maturity. This was confirmed today when shortly after the opening the Galvin Report was issued, estimating bean production at 452.5 million bu. This is slightly less than the final figure of 1956, but history has not entirely been written yet, and we look for some downward revision when the government makes its revised appraisal of last year's crop. Chances are that the previous crop was no larger than440 million bu; therefore, if Galvin's figures are borne out by the government estimate, we may have raised a record crop this season, despite many of the earlier handicaps, particularly the late seeding and torrential rains during May and June. On basis of today's forecast, Illinois will again be the leading state, with a crop of 122.8 million bu. This is not a very heavy reduction from last year, although the southern part of the state fared poorly as compared to other areas.

Apparently beans were less adversely affected by drought thanwas corn in eastern areas. The expert's figure on corn was for a crop of 3,042 million bu, and this is probably not as much as we are nowable to consume in the U.S., including domestic utilization and exports, but with more than a 1 1/4 billion-bushel carryover in sight, this factor comes into play, particularly if government selling of accumulated surpluses continues. There is some likelihood that when farmers sell their 1957 corn, the government may let up a little on its Disposal Program, although even this is not entirely certain. We were told yesterday that, insofar as critical corn was concerned, which is to say the corn that might deteriorate, there is little alternative but to move it. Iowa slipped way ahead of Illinois this year in corn production, and apparently its good prospect was maintained during the past month, but it is pointed out that taking the crop as a whole, progress has been quite varied due to the uneven planting dates, and some of the grain will require a later than normal frost date to mature.

All this we believe had a little influence on the price level this morning, and it was almost to have been expected, as corn has gone steadily downward, and no doubt the urgent selling by those who have had losses has strengthened the technicalposition of the market. Not much attention was paid to a spring wheat estimate of 229.4 million bu, which was a little more than the official August figure. Wheat futures were firm right after the opening without any particular buying, and commercial business was rather light and exports thus far are certainly small compared with last season. Germany bought 2 cargoes Canadian wheat from the Pacific Coast last night, but we heard of nothing in U.S. export circles. Canada shipped 105,000 bu wheat to Buffalo yesterday, also 148,000 bu oats, and 95,000 bu barley. We heard that Commodity had sold 370,000 bu No. 2 yellow corn at $1.40, track Laredo, Texas. Apparently there were no bids at either Gulf or Atlantic ports. Galvin estimated the oat crop at 1,382 million bu, which was a good increase over his previous figure, and it was likewise a 21 million-bu betterment over the government forecast last month. There will be no new figures on winter wheat until December, when USDA makes its final appraisal.

Primary receipts of wheat were 2.2 million bu or exactly the same as last week, and compared with 1.8 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 296,000 bu. The visible supply figures were late in being posted. For wheat there was an increase of 1.6 million bu; total stocks of 363 million bu are smaller than last year by 43 1/4 million bu. Corn showed very little change, but beans decreased 483,000 bu and the total has dropped 3.1 million compared with 2.2 million bu last season.

Markets were mostly quiet. Beans were influenced early by the private report, but later rallied sharply when both meal and oil prices recovered from the early lows. Some traders voiced the opinion that possibly the government would not show the same optimism in estimating the bean crop, and this may have caused some hesitancy and short covering. Likewise, Loy Henderson was rather pessimistic on the Syrian situation which he regarded as extremely serious and thought that it might affect the security of the free world.

Corn prices were rather firm but the government weekly grain report was rather optimistic, and harvesting of early corn is already active in southern portions of South Carolina and Georgia, along the middle Gulf Coast, and in Texas, but in Iowa the season is about average, although in other corn states in the commercial areas the crop is still a little backward and an early frost could cause considerable damage.

Wheat prices were firm but there was no commercial buying.

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CHICAGO, 4

September 5, 1957

There are at the present time more than 200 farm products for which the Department of Agriculture is authorized to provide price supports. For all but eleven of these commodities general guides are provided by law as a basis for price support without the use of fixed formulas. Secretary Benson has asked Congress to apply these same provisions to price-supported crops straight across the board, so that all farmers would receive uniform treatment. As everyone appreciates, basic commodities have been receiving the greatest emphasis, but despite all the publicity they comprise only 23% of all agricultural income in the U.S. The other products (and there are not too many of them compared to the total) get some government help, but still 60% of our agricultural products do not receive price support to any appreciable extent. For these products either price supports are not generally desired, or else, it has been possible to devise some method of attempting it under a program that would be acceptable. Mr. Benson insists that he must have discretion to set the support level of basics at some point that will best serve producers. He does not want to see farmers bound hand and foot to a legal formula that now seems to be terrifically outdated.

It has been pointed out on numerous occasions that because of the artificial price that prevailed in cotton, world production of synthetic fibers increased during the past 25 years from aninsignificant quantity to an equivalent of nearly 14 million bales. This was an amount larger than the 1956 cotton crop. 25 years ago, before the Acreage Control Program, cotton was grown on more than 40 million acres of U.S. farm land. This year the allotment is 17.6 million acres. The actual acres of cotton produced this year are about one-third as many as before the Control Program began, and using this as an example, Mr. Benson insists that rigid mandatory rather than flexible supports have brought about this great distortion.

Before our market opened this morning, there was not too much to guide it. Weather over the corn belt was mostly satisfactory, although some fairly heavy rain was reported over central and eastern Kansas and some lighter rainfall also over the Canadian Provinces. Temperature changes have been unimportant but the weather continues cool. The only showers that may occur over the corn belt are for western Iowa and western Nebraska tonight, with generally fair conditions prevailing elsewhere. The Illinois weekly crop bulletin stated that about 50% of the corn had reached the dent stage with a few of the earliest fields mature and safe from frost. Last year at this time 83% was denting and 42% was safe from frost. Soybeans are maturing later than last year with about 10% of the soybean fields shedding leaves compared with 25% last year and an average of 20%. Thus it can be seenthat in this state both crops are still late.

Australian wheat exports since January 1st are 62 3/4 million bu, a decrease of about17 million from last season. The surplus remaining for export and next carryover is down to 81 1/4 million bu, which compared with 132 million bu last year and 107 million bu two years ago. There are large areas in Victoria that have had less than average rainfall during the past five months, so that good rains are urgently needed also this month or early next. In South Australia good, soaking rains are likewise needed.

Primary receipts of wheat were smaller and amounted to only about 1 1/2 million bu which compared with nearly 2 1/2 million bu last week and 1.6 million bu last year. Trade was not particularly heavy but after a firm opening in wheat, the market drifted. The Syrian news had spent its force and indicated that there was nothing imminent to occasion fears of danger in Europe. Moreover flour selling had slackened further and export business was lacking. Judging from the sales of September wheat in the pit against purchase of deferred months, we might have some further tenders on September contracts, but this apparently had little influence on the market.

The Iowa weekly crop bulletin told of considerable benefit from additional moisture to both corn and soybeans. The bean market was generally lower on moderate selling although there was also some local buying which prevented any sharp decline. Corn was slightly lower and there was no feature except that some government sales were made again to exporters. Referring again to the Iowa report the statement was made that present moisture supplies should be enough to see the corn crop through maturity but that it would take an additional 20 to 30 days before the crop would be free fromfrost. While the weather is not particularly cool, the trade is somewhatcautious because with lateness of crops an early frost could do damage.

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CHICAGO, 4 September 6, 1957

On September 27, 1943, the Dominion Government of Canada ordered the discontinuance of trading in Winnipeg wheat futures, effective immediately. A fixed price was set at $1.25 per bu, basis Fort William and Port Arthur. The war, of course, had wrought great hardships on every nation, not only in loss of life, heavy sacrifices in other ways, but there were distortions and complications in international trade, with the result that Canada was beginning to pile up wheat surpluses and there was no adequate outlet for wheat in European markets, owing to the fact that our European Allies needed concentrated food and less wheat. For example, in 1938, the carryover reserve in Canada was only 23.5 million bu. This gradually grew by leaps and bounds until 1943 when it reached a figure of 579 million.

We have often reflected overthe hasty action taken by the Dominion Government, and had they been a little more patient in their attitude they might well have benefited farmers during the postwar period when an enormous demand had sprung up, but their export business was all done at low prices in comparison with values here in the U.S. Looking at the situation quite objectively, we fail to see how Canada has bettered its farming community by eliminating free trade and resorting to government handling of grain. It is one thing to build up a large reserve during wartime when the demand falls off, but here we are 14 years later, and Canada has a carryover reserve in peacetime of 723 million bu, with world imports the largest in history. Yet Canada is unable to retain her position in the export field eventhough the quality of her wheat compares favorably with that of any other export nation.

The new Minister of Trade and Commerce, Mr. Gordon Churchill, hopes that the Canadian wheat carryover may be reduced 100 million bu by July 31, 1958. He stated recently that a vigorous sales policy, but not a "fire-sale" policy will be pursued. Assuming the correctness of this statement, it is not a very high tribute to government management in a year that Canada has raised a wheat crop of only 359 million bu, having suffered adverse weather conditions throughout almost the entire area of the Provinces, with the possible exception of Manitoba, which is a small producer. The Minister of the new Conservative Government also stated that he is not considering a proposal to join with the U.S. in a give-away program on wheat, but intimated that Canada will continue to protest American linking of surplus disposal wheat with a tie-in on sales of the future. He believes that the higher grades of Canadian wheat might better be kept in store rather than given away or sold at cut-rate prices. Should this policy be pursued, we are wondering what Canada will do when wheat crops of 500 to 600 million bu are again raised, as they have been on many occasions in the past. We realize that a yield of 700 million bu, such as Canada had in 1952, is less likely with acreage reduction, but on the other hand a 360-million-bu crop, such as is currently being harvested, appears to be the other extreme.

Primary receipts of wheat were less than 1 1/2 million bu which compared with a little over 2 million bu last week and 1.8 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 524,000 bu. When the visible supply of wheat is posted on Monday, it will compare with a shrinkage last season of 1.1 million bu.

Wheat was rather firm all during the session and there was not much pressure from any source. The inquiry for flour is still slow and export demand is absent, but there seems to be a little better sentiment and moderate purchases are having quite an effect in a dull market. Toward the close Washington announced that the U.S. was speeding up the delivery of arms to Jordan and other Middle Eastern countries because of heavy shipments of Soviet arms to Syria. This probably helped all along the line. Beans were quite strong in spite of extreme optimism with respect to crops.

The Quaker Oats report anticipated a bean yield easily in excess of 455 million bu that was produced a year ago. Our own reports spoke of high yields in most of the central and southern Illinois areas. Some buying of September vs sales of November at 2 1/2¢ prevented the spread from narrowing. Corn was quite strong. There is a little unsettled weather expected over Iowa, Indiana and Illinois, but precipitation will probably not be heavy and toward the end of the 5-day period temperatures will rise a little although there is a possibility of a frost in northern Minnesota. General weekend evening up gave us a firm close.

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CHICAGO, 4

September 9, 1957

The Soil Bank Program has been revised in several respects for 1958, and there seems the possibility that additional revisions may be made before planting season rolls around again. The biggest change was intended to make it more attractive for farmers to put their entire farms into the bank. When entire farms are retired from current production and farm labor shifted to other employment, production is curbed much more effectively than if only a part of a farm is retired from current production and the available labor and capital are applied to the remaining acres. We had figures late Friday on the amount of winter wheat land that had been taken out of production thus far. More than half a million acres are involved, and the participating farmers will be eligible for payments totaling $9.8 million if they comply with the terms of their agreements. The state, which was most important insofar as acreage was concerned, was Oklahoma, with 148,000 acres withdrawn. Missouri was second with 67,000 acres, and Illinois with only about 824 acres retired. The acreage reserve sign-up will continue through October 4th, so that entries will undoubtedly continue, although it remains to be seen whether the goal of 8 million is reached.

In a talk last Saturday, Secretary Benson pointed out that the prices which farmers have received increased each month since February, and that the price index is at the highest level since August 1954. Farm assets are at an all-time high and farms have $12 in debts for each $100 of assets. Farm ownership is at a record high and only one out of three farms has a mortgage. The fact that exports of farm commodities were the highest last year in fiscal history undoubtedly helped toward accomplishing this record. Farm commodities shipped abroad totaled $4.7 billion, which was a 16% increase over 1952, which was our previous high and which came during the Korean conflict.

There was not much news to guide our market although weather over the week-end was almost ideal for maturing the corn and bean crops. Temperatures were a little on the cool side, but there had been hardly any rain, although some moisture was reported in the Southwest, and there were hurricanes along the coastal areas. The outlook is for some widely scattered showers in the Southwest, but mostly for the eastern portions of the belt, while scattered showers are expected over the corn states late tonight or Tuesday, with temperatures rising somewhat this afternoon and tonight but cooler tomorrow. According to the 5-day weather outlook, temperatures will be a little below normal for a few days but rising again toward the end of the week.

Farmers in general are experiencing the same cost price-squeeze which confronts businessmen in various parts of the country. Wartime markets no longer exist but cost of production has remained consistently high, and thus net farm income is suffering to some extent. Despite this, farmers' net equities amounted to $157.3 billion, which was an all-time high, up $8 billion from a year earlier. It was also up $6.6 billion from the previous high on January 1, 1952.

Chicago stocks of wheat increased nearly 300,000 bu to a total of 15.4 million. Local corn stocks showed a small increase but there were no great changes for oats or rye while bean stocks declined 378,000 bu, leaving about 1 1/2 million bu here.

There was no spirited buying in any of the pits, and apparently the short-covering that took place last Friday had been completed with the result that good crop reports from down state, such as the Baldwin Elevator Co., brought a little selling into the market and support seemed to be inadeq aute both for beans and corn. Wheat was influenced by lack of export demand, slow flour business. Broomhall's crop report from Europe stated that in spite of some adverse weather their harvest is almost completed and production is satisfactory. Belgium will need less import wheat due to the record domestic crop, while Sweden may have 140,000 tons of soft wheat for export, and France will have more than 2 million tons of wheat and 600,000 tons of barley for sale overseas during the coming crop season. The wheat crop in India is larger than last year and altogether there was nothing much to inspire traders so that in a rather quiet market, prices declined, particularly with so little commercial buying in evidence. July wheat gained a little on May, and the July future has been relatively strong considering rains we have had in the Southwest and the possibility of smaller quantities going into the Soil Bank than a year ago.

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CHICAGO, 4

September 10, 1957

We would probably not have a wheat problem in the world today except for the burdensome surpluses that have been built up in Canada and in the U.S. It is not pure accident that in both these countries more artificial measures were adopted by government than in any other portion of the globe. This is not to say that the importing countries have not done a great deal to stimulate production in order to conserve dollar and sterling reserves, but, nevertheless, artifidally high prices on the North American Continent have kept production on the high side even though acreages have in many instances been drastically cut. We shall not discuss here the billion-bushel wheat surpluses that the U.S. had built up in spite of heavy exports, but we should like to call attention to the situation in Canada where a country of 16 million people, consuming only about 160 million bu wheat for domestic purposes, has probably a far greater problem than we do. Canada's 1957 wheat crop is currently forecast at 360 million bu. This is 37% smaller than last year's production of 573 million and 26% below the 10-year average. Ordinarily with the relatively poor yield there would be some relief. The fact of the matter is that the Canadian carryover of 723 million bu gives them a total wheat supply of 1,083 million bu. This is only 70 million bu less than the record supplies for 1956-57. Canadian exports of wheat last season were cut to 262 million and were 47 million below the previous year. Thus Canada is faced with another large wheat reserve one year hence, and this together with the accumulated surpluses in the U.S. forms the real basis of a problem that seems difficult to solve, despite the fact that other exporting countries like Argentina and Australia have rather moderate surpluses with which to deal.

There is, of course, another factor: namely, the return of France to the export column, and a generally improved crop situation in Europe, which will tend to decrease world imports, but despite all this we might have had another year of artificial prices in our country if the American farmer had seen fit to impound as much wheat as he had in past years.

Late yesterday, USDA issued a report showing the amount of grain placed under support up to August 15th. Total wheat impoundings were only a shade over 36 million bu. This included purchase agreements and was the smallest amount of wheat that had been placed under price support for the period since the program was started in 1948. Last year farmers had put more than 108 million bu of their wheat into the loan, or virtually three times as much. We cannot be sure yet if there should be price declines whether the program would find more favor with farmers, and that the final loan program might enlarge sufficiently to give us a small supply of free wheat. On basis of the last government estimate we raised nearly 915 million bu winter and spring wheat. It is estimated that 600 million bu will be consumed domestically and that about 250 million bu free wheat will be shipped abroad. This would mean that farmers could place up to 65 million bu in the loan and still give us the same free wheat reserve on July 1, 1958. We had thought for some time that loans would far exceed that figure and that as a result we might have a tight situation in the midst of plenty. We cannot be quite as sure that this will be the case in view of the lack of interest that farmers are presently showing toward the program. Furthermore, we must bear in mind that our exports are proceeding at a very slow rate and that even if we finally meet the goal the government has set, it will take time for this to develop. It will also take time for domestic consumption to make inroads into our stocks. The trade, therefore, has to reappraise its ideas accordingly and await further developments before coming to very definite conclusions.

Statistics did not count for much and in fact markets were again very dull although beans for a time were weak, very likely on a statement from Secretary Dulles that he felt the Syrian situation would be worked out peacefully although he did feel that there were still many elements that could bring serious trouble. He did not believe that there is apt to be any aggression in the Middle East brought about by Syria that could not be dealt with by other nations in the area. Later on beans firmed up even though oil prices were quite indifferent, and possibly there was short covering prior to the government report. Corn was distinctly firmer on better cash demand, and we heard of some round lot shipping sales that were made out of Chicago to the East.

The noon-day weather was a little better than the earlier prediction and not much rain is indicated for Illinois, but there will be some scattered showers in Iowa and in parts of Indiana and Ohio with somewhat higher temperatures. Wheat remained indifferent on poor flour demand and lack of exports.

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CHICAGO, 4 September 11, 1957

With the bearish crop report that was issued after the close of the market yesterday, it was a foregone conclusion that everything would open lower this morning. Crops with important prospect gains were sorghum grain, corn, and soybeans. While in the past not too much attention has been paid to sorghums, we must take it into our feed calculations this year, as an estimated crop of 481 million bu is almost double the previous record set in 1955. Corn improved nearly 130 million bu during August, despite the need for more warm weather to produce dry corn in many late-planted fields. The 3.2 billion crop ranks seventh in size, but it is exceeded to a large extent only by the 1956 and the 1948 crops. The western corn belt states, with the exceptionof Kansas, had considerable rainfall, which boosted expected yields. Soybeans now promise to be not only a record, but the increase was considerably more than most people had expected. Yield averages are not up to last year's but this is overcome by a bigger acreage, and according to USDA calculations, most late plantings have a good chance of reaching maturity. Altogether it gave the trade something to ponder over, as the total 1957 production of all crops should be the third largest of record. Feed grains are good over much of the nation outside of an eastern drought belt which widened during the month. There was no change in the estimate for rye and winter wheat, and we shall have to await the December report before getting final figures for these crops. Spring wheat, however, increased 8 million bu, while hay crops flourished in central and western states, and it now looks as though we would have a total crop of 120 million tons, which would be one-tenth larger than last year. An oat crop of 1.3 billion buis down about 2% from the August estimate and barley is also slightly lower, but is still one-sixth larger than last year, and almost one-half above average.

Overnight weather was certainly satisfactory for the southwestern states, and heavy rainfall was general over Nebraska and Kansas, while some light to moderate showers fell over portions of the corn belt, but over the Northwest rain was inconsequential. There is not much rain indicated for the corn belt as clearing conditions are expected by tonight, and it should be partly cloudy Thursday and slightly warmer. To finish off the corn and bean crops it would be more desirable to have dry weather and warm temperatures, but nevertheless, corn opened sharply lower as the government report indicated that despite greatly reduced acreage, we shall have better than an average crop even though it is considerably smaller than last year.

The one disappointing item in the crop report was the estimate for flaxseed, which was down more than one-fifth from last month. Continuing harvest reveals the extent of loss from disease and heat damage in the Dakotas and Minnesota. Altogether a harvest of 32 million bu would give us a crop a third smaller than last year. Pastures were naturally affected by the extreme drought in many eastern sections, and the September 1st national condition of 74 showed an eight-point decline during August but is still six points higher than a year earlier and is slightly above average. Most western pastures and ranges have fair to good feed, thus rating better than a year ago.

Primary receipts of wheat today totaled 1,197,000 bu vs 2,268,000 bu a week ago and 1,713,000 bu on the comparable day of last year. So far this week Minneapolis and Kansas City wheat stocks show a total increase of 90,000 bu. It is reported that Poland bought 2 cargoes of mixed wheat out of the Gulf and West Germany 4,000 tons of hard winter wheat for October-December shipment. However, export business remains extremely quiet and the same thing is reported from milling circles, and wheat is finding very little support from thosequarters. Furthermore, moisture in the Southwest is putting the soil in extremely good shape for fall work. Despite the weakness in Chicago and Kansas City, Minneapolis wheat market displayed some strength no doubt on reports that durum wheat has suffered considerable damage due to unfavorable weather.

Beans and new crop corn were lower due to yesterday's government report. However, selling did not seem to be acute at any one time, and much will depend on developments during the next two to three weeks. The official mid-day forecast for Illinois and Indiana showed the possibility of scattered showers in northwest areas this afternoon and in the North tonight; also some showers predicted for Thursday and there are scattered showers forecast for Iowa. It would be most helpful for the further maturing of the crops to have clear dry weather.

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CHICAGO, 4 September 12, 1957

In fiscal 1956 realized net income of farm operators amounted to a little over $12 billion. This was not considered a particularly good year, although it showed some improvement from the year before and was not much different from 1954. Nevertheless, comparisons were generally made with 1947, when the figure was $17.1 billion. Naturally the decline since that time has made quite a dent in the pocketbooks of farmers, although it would have been an entirely different story if we had not had inflation, which carried production expenses last year to almost the highest total that had ever been reached. These expenses of gathering crops and maintaining a farm amounted to $22.3 billion, which compared with only $6 billion in the 5-year period prior to our entry into the war. During that same prewar period farmers netted only about $4.6 billion. Of course, the buying power of the dollar was much greater then than it is today. Nevertheless the farmer is being squeezed by the expense of doing business, the same as almost every business man. Gross farm income last year was $33.8 billion, which was a reduction of only $3 billion from the high of all-time, and the cost of living, which of course included high food costs, was a result of this situation. To what extent the farmer will be helped in the future will depend somewhat on how costly his operations are, as apparently we have almost reached a high point for the time being in the returns from marketings and from government payments.

Before our market opened this morning, there was not too much to guide it. There had been some rain in the Southwest, but mostly in eastern sections of the belt. There had also been some moisture in the corn states, heavy in places, but not everywhere. The outlook is for thundershowers today and tonight but probably clearing tomorrow. This naturally had some influence on traders as both corn and beans have suffered sharp declines and the short side is certainly less attractive on breaks. Whatever downturns we may still get in the market will naturally be slower. We have thought right along that it was too early to make investment purchases in beans, and still adhere to this conviction, as there is bound to be a reasonable carryover reserve, and if the crop continues to maturity on present estimates, we are bound to have some pressure after harvest. On the other hand we are learning not only to live with bean surpluses, but to increase the annual usage, so that crop figures based solely on past experience would in a sense be fallacious. The soybean was virtually an unknown crop in America a generation ago, but it has provided agriculture with a new billion-dollar-a-year market. It is interesting to note that the soybean is one of the 12 major food crops in the world. Its versatility has been demonstrated through centuries of production in the Orient. It has been known and even grown to some extent in this country for about 100 years. However, we did not realize its potentialities until scientists began to study it intensively. Corn continues to be sold out of Chicago to the East at a price of 4 over September, but apparently this is only on occasional bids. CCC sold exporters about 300,000 bu corn overnight and also sold some milo, some oats, and some barley.

Primary receipts of wheat amounted to 1.6 million bu. This was slightly larger than last week and about thesame as last year. Kansas City and Minneapolis stocks so far this week show a net increase of 106,000 bu.

Trade was not heavy in any of the pits and there was not a great deal of interest. Wheat prices declined about 2¢ per bu before there was muchsupport. Further rain in the Southwest leads to the belief that the soil bank program will not reach a goal of 8 million acres that the government figured might be retired. Furthermore, commercial buying is very poor and there is no great encouragement for investors at the moment unless exports pick up or unless the impoundings turn our to be much heavier than they have been thus far. Beans were firm almost from the start. There was never much weakness and probably a few shorts covered with strength in the meal market, although oil was little changed. Corn has become a rather dull affair. Early weakness was followed by a little buying with result that new crop futures rallied to above the previous close, but September corn, which had been quite strong yesterday, was a little weaker today but there is still a premium of 1 1/8¢ per bu for September over December. This is quite understandable as undoubtedly some processors are willing to pay a little premium to get old dry corn.

There are a few Canadian oats coming from the Lakehead to Milwaukee, also some barley.

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CHICAGO, 4 September 13, 1957

Unsatisfactory export business in wheat is rather discouraging to traders, particularly as they watch the weekly shipments, which according to Broonhall were less than 3 1/2 million bu for the seven days ending September 7th, and the total since July 1st was only 66 3/4 million, while last year we had cleared almost 93 million, We have known for some time that it would be impossible to duplicate the record of the season before when a total of 547 million bu was shipped, but it now remains to be seen whether even the government's goal of 400 million bu will be reached.

The British Minister of Agriculture predicted that the U.K. would buy more Canadian wheat this year and less American because of the fact that Canada's crop was of high protein quality, which apparently is what British millers need. Last season Canadian wheat was not particularly high in protein, and possibly this had something to do with the fact that they only shipped 262 million bu, which was a decline of 47 million bu from the year before. On the other hand, the method of handling wheat in Canada is very complicated; with a carryover reserve in that country of 723 million bu, large quantities are held back on the farm, and insofar as possible the oldest wheat generally comes forward for shipment to the ports, although there is no definite rule about this. With the higher quality that was grown this season, very likely it will find its way into export markets and thus give the British what they want, which in turn would have some influence on our program.

Britain is an island that never has more than about 4 to 6 weeks food supply on hand at one time, and we used to figure before the war that of all the wheat imported into Europe, Britain took about half. We are certain that this proportion has not been maintained, and last year when world import requirements were 1,200 million bu, there were many other nations that took our wheat, particularly as we are in position to sell it to them on basis of foreign currencies or by various other merchandising methods, including barter, give-away, etc. The fact remains that with larger crops in Europe the general demand is bound to fall off. We note that five export nations have shipped only 74 3/4 million bu since August 1st, which compares with 110 million a year ago. Therefore, it is quite apparent that while the demand generally has declined, we have been the main sufferers thus far. Turning to corn our exports for the week were nearly 1 1/2 million bu, and since October 1st we have shipped 149 million which compares with only 103 million a year ago.

During the session Secretary Benson stated that the President had asked him to remain in the Cabinet indefinitely, and his answer was that he would consent. These two men also discussed plans to press for new farm laws under which the administration could reduce price supports and ease production controls. The Secretary went on to say that he was quite optimistic over the possibility of administration changes that would win Congressional approval of the new farm legislation next year. Both he and Mr. Eisenhower recognized that it was a political year, but nevertheless, Mr. Benson felt that there was growing recognition of the need for basic changes in the farm law. Mr. Benson said that the administration would probably suggest a repeal of price-support formulas under which supports rise when surpluses are reduced, also some liberalization of farm production controls, and an extension of a law under which surplus farm products may be exported in return for foreign currencies.

Primary receipts of wheat were 1.7 million bu. This was about in line with last year and compared with 1.4 million bu last week. Kansas City and Minneapolis stocks so far this week show a net increase of 136,000 bu. When the visible supply is posted on Monday it will compare with a decrease last year of 975,000 bu.

Wheat was weak for a good part of the session but there were some recoveries as pressure is not heavy and receipts in the Northwest are only running about 1/3 as much as last year, while the movement elsewhere has stopped pretty much. For the first two weeks of the soil bank program a little more than a million acres have been signed up. This compares with nearly 2 1/2 million acres last season. The government goal is for 8 million acres to be retired but farmers have until the first week in October to make their decision.

Beans were fairly weak at one time with the exception of September which ruled relatively strong. Galvin stated that with the improvement in crop conditions since September 1st he figured the crop might be increased to 465 million bu. The main thing is that the crop should mature before a frost. The weather seen to have cleared, but temperatures are still a little cool for the season of the year.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept 16, 1957.

The Secretary of Agriculture has made it very clear that the administration will push its fight for major farm law changes when Congress meets next year. While he did not go into details, he indicated that it would ease controls on farmers while at the same time providing some legislation for curbing production for certain commodities. The Secretary has indicated many times in the past that he hopes to end the so-called "esculator formula." which he considers a great handicap in the solution of the surplus problems. As he points out, once government stocks in warehouses are cleaned out, the door must be open to bring them up again. Past consequences of this formula have been extremely damaging and both home and abroad markets have been lost, Foreign farm production has increased, exports of some American crops have declined, and further products have been attracted to our shores. He firmly believes that the formula is directly contradictory to the objective of an expanding, prosperous, and free agriculture. Unless a change is made thestage will be set for surplus number two as soon as surplus number one is disposed of.

One problem that is facing the Department of Agriculture now, and which will have to be decided in the not to distant future, is whether there will be a secondary corn loan to non-compliance farmers. The pressure apparently i s very great tohave such a loan announced as according to one authority the bulk of the corn crop this year will not be eligible to the regular loan, as it is estimate that possibly onlyhalf a billion bu or less are in compliance with allotments. This would be the smallest proportion in years. Corn is also facing stiff competiton from grain sorghums, with that crop estimated at 481 million bu, or about double last year. With a carryover of approximately 85 million bu, it would give us total supplies of sorghums of around 566 million bu.

According to the Agriculture Letter of the Federal Reserve Bank of Chicago, the balance sheet of agriculture, as of January 1, 1957, revealed that owner-equities increased by 5% in the preceding year, the third consecutive year to show a gain, These figures are arrived at by taking the combined assets of all farm operators and landlords and the claims against these assets. According to the data, the financial condition of agriculture as an industry continues to be relatively strong, and a few farm borrowers are burdened by their debts. The recent gain in owner-equities, however, is primarily the result of higher prices for real estate, livestock, and machinery. It is not due to a significant boost in physical assets or to a reduction in debt, either of which would provide better evidence of financial progress on part of farmers.

Broomhall reports that the wheat crops in the Southern Hemisphere are now approaching a critical growing period, and prevailing conditions are hardly favorable for good crops. Rains are needed over large areas of Argentina and Australia. From other sources we learn that a serious drought in Morocco reduced the 1957 crop to less than half of the normal outturn.

The Baldwin Elevator Co. states that the Illinois corn crop is moving along to maturity, although slowed up a little by cooler temperatures and lack of sunshine. In beans, the weather has been unfavorable for harvesting, but a little progress was made during the past week. The American Soybean Association mentioned that the lateness of the crop remains one of the big hurdles for what may be a record crop. The threat of frost still holds in northern areas, particularly in northern Iowa and Minnesota, where much of the crop is still some weeks from maturity. Meanwhile, the latest forecast seems to be for warming temperatures and no moisture of consequence.

Markets were all subject to liquidation, and lower prices reigned for all grains. Wheat is finding very little support from commercial channels, and export business remains quiet, although The SouthwesternMiller states that small to moderate flour business is developing on further weakness in the market, but no volume of consequence.

Primary receipts of wheat today totaled 2,458,000 bu vs 2,336,000 bu last week, and 3,323,000 bu last year. Stocks of wheat in Chicago during the week declined 139,000 bu, leaving 15,275,000 bu here. Corn decreased 120,000 bu leaving a total of approximately 24 million bu. Bean stocks declined 286,000 bu. Over the weekend CCC sold approximately 2 1/2 million bu of corn. It was reported that Austria would be in the market for 40,000 tons November shipment, and Japan for 41,000 tons for December shipment.

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CHICAGO, 4

September 17, 1957

The Searle Grain Co. of Winnipeg has called attention to a recent meeting of prominent American and Canadian government officials where much consideration was given to the problem of the disposal of wheat surpluses of both nations. The Surplus Disposal Program of the United States has been a matter of great interest in Canada for some time, and it has been claimed that the program has adversely affected Canadian shipments to normal markets.

The wheat export subsidies granted by this country have no doubt contributed heavily to our exports, although theeffects of this sales program, together with acreage control measures, have been largely offset by increased production resulting from more intensive cultivation of theland put into production.

In Canada, the system of a managed price policy on sales, together with a delivery-quota program, has in the opinion of many, prevented maximum deliveries from farmers. The wheat surpluses in both nations, to some extent at least, have resulted from government programs designed to provide the farmer with certain economic guarantees. Consequently, farmers in both countries are insulated from the real market for wheat, and actual world values are not reflected in prices paid them for their product. Thus, in the planning of the individual farmer's production program a realistic price based on world supply and demand is not the dominant factor that it should be. Whatever course the Canadian government may take with respect towards obtaining a larger share of the world wheat market is, of course, a matter of conjecture, but at least it is obvious that the problem is one being weighed carefully by that nation's government.

A USDA publication on the farm income situation points out that farmers' realized net income in the third quarter of 1957 may run as much as a half-billion dollars higher than seasonally adjusted annual rate of $12.1 billion for third quarter of 1956. Annual rate averaged $12.1 billion in the first half of 1957 compared with $11.8 billion in first half of 1956. Farmers' cash receipts from marketings in first 8 months of 1957 totaled approximately $17.6 billion, or 1% more than corresponding period last year. Livestock total of $11.0 billion was 5% above last year. Crop receipts of $6.6 billion were down 5%. Farm operating costs are also running above year ago, with prices paid by farmers higher than the third quarter of 1956 for all production items except feed and fertilizer.

When our market opened this morning, there was not much news to guide it. There had been some rains up the Ohio River Valley and some rain and snow in Alberta, Canada, but generally fair weather prevailed over all other sections of the grain belt. A special issue of the Illinois weekly weather and crop bulletin indicated that nearly 99% of the corn for grain and 94% of the soybeans in Illinois are expected to mature before the average killing freeze date. In the southern half of the state where planting was most delayed, 98% of the corn and 91% of the soybean crop should be safe from damage. In northeast Illinois there is a 20% chance of a general killing freeze by September 30th, 87% of the corn and 77% of the beans are expected to be safe from the freeze by that date. The bulletin points out that in general corn and soybeans planted extremely late tend to mature over a shorter period than normal.

When the visible supply figures were posted late yesterday wheat showed a decrease of 1,140,000 bu, leaving the total visible at 362 million bu, or about 42 1/2 million bu less than a year ago. The corn visible also decreased, making the total now 104 3/4 million bu, which is 62 million bu more than last year. The bean visible decreased approximately 1/2 million bu, leaving total visible supplies of over 2 1/2 million bu, or about 1 million bu more than a year ago. Primary receipts of wheat were slightly less than 1 1/2 million bu compared with almost 1 3/4 million bu last week and 1.1 million bu last year. So far this week KansasCity and Minneapolis wheat stocks have decreased 132,000 bu.

After a mostly lower opening markets became firmer. It was reported that Austria had purchased 45,000 tons corn for November shipment and also that CCC rejected all corn bids last night both of which created little friendlie feeling to the market. There was little feature in wheat, and the only export business was the purchase by Poland of a cargo of mixed wheat. Also the U K reportedly bought a cargo of hard wheat. Some buying of beans was prompted by the announcement that Japan had authorized the importing of 150,000 tons from this country. Application from private firms to bring in that amount had been approved, and the purchases will be financed with money obtained in a recent loan from the Import and Export Bank of Washington. No further details were announced. Trade as a whole was quite light.

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CHICAGO, 4

September 18, 1957

The Food and Agriculture Organization of the United Nations released a report a day or so ago which showed that the state of food and agriculture for the entire world increased by about 3% during the past year. This was slightly above the rate of population growth estimated at 1.6% annually. It further notes that the rate of increase in production in each of the less developed regions since the period 1948-52 has been above the average while increases in the developed regions of the world have generally been less rapid. Speaking more specifically of wheat and flour, they point out that during the last crop-year exports of wheat and flour were the highest that had ever been attained and they report a figure of approximately 30 million tons. On the other hand world wheat production fell slightly, which was due mainly to the substantial declines in Australia and Western Europe, where winter wheat had been seriously damaged by frost. Coarse grain production increased considerably, partly for the reason that much of the wheat land in Western Europe had been resown to coarse grains following the severe winter of 1955-56. With respect to rice the past year was a good one, with both production and consumption rising. The 200-million-ton output mark was again surpassed, although the main increases were in Asia. Italy and the U.S. had limited their rice acreages.

There was not too much news to guide our markets this morning. There had been some light showers over the Northwest and some moisture in Canada, but it was mainly clear in the Southwest and over the corn belt. It looks as though temperatures would be a little higher for the corn belt today but dropping again toward the close of the week. A little cool weather with possible frost is indicated for northern sections of North Dakota and Minnesota, but this is not apt to do much damage, and accordingly more attention was paid to other factors. The Illinois crop report stated that warm, dry weather is needed to mature the late corn and soybean crops. They have started harvesting beans in the main producing areas, with more widespread activity expected during the coming week. Approximately 10% of the beans have been combined, which compares with 19% at this time last year, and an average of 18%. It is said that about 45% of the corn crop is now safe from frost, while last year at this time 84% was already safe compared to an average of about 75%. In Nebraska much of the corn and sorghums are vulnerable to loss in yield or quality if killing frosts arrive too soon. The state report points out that in many sections corn needs two to three weeks of maturing weather to be safe. In some sections it would thus require a later than usual date for the first killing frost. The Iowa state report told of benefits from additional moisture during the past week. Approximately 90% of the corn crop was reported as being dented by Monday night; nearly 60% of this year's crop is well dented and hard, which is about equal to average. However, cool weather and rain have had a retarding effect on maturity. Yet it must be noted that progress of the crop is still favorable when compared with average. In that state observers believe that from one to three weeks of frost-free weather is needed by corn, depending on the area.

CCC sold exporters 440,000 bu corn overnight, also some fair quantities of milo and about 140,000 bu oats, while all barley bids at the gulf were rejected.

Primary receipts of wheat were down to 1.1 million bu, although this wa about the same as last week but compared with 2.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 46,000 bu.

Trade was not particularly large. There was weakness in wheat early, and again at the close. For a time, however, Septemberfirmness had some influence on the deferred months. There was a little fear expressed that the low temperatures in Montana might bring colder weather to the corn and bean belts, but the official forecast at mid-day wasreasonably good, especially for the important states, and no frosts were forecast, although there may be some low temperatures again in Montana and possible frost in parts of South Dakota. Local professionals were probably the best buyers of beans, but advances failed to hold. The spot market in corn remains quite firm, and this together with a little apprehension that there could be a few frosts overnight probably brought some buying into the pit, but here also it was largely of a local character, and as stated above the main corn belt seems to be frost-safe for at least the next 24 hours. Flour demand was slow, and there was a little export business in wheat but mainly via the Pacific Coast.

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September 19, 1957

Word came from Britain this morning that the bank rate had been increased from 5 to 7%, and apparently every effort is being made to save the pound sterling in order to prevent a devaluation. It is hoped that through this device inflation may be arrested and that spending will be curtailed. Britain is one of the few European countries where wheat prices are not held abnormally high through price supports. This is probably for the reason that she is traditionally an importer and does not have to protect farmers to the same extent as some of the other European countries. Generally speaking, fixed or controlled prices are a feature in Europe and managing of farm prices in nearly all countries has taken the form of import controls through tariffs, equilization fees, or quantitative restrictions. Government trading and trade monopolies are still widespread in France, Germany, Austria, Switzerland, and the Mediterranean countries. For example, prices of wheat are as high as $4 per bu in Switzerland and Finland, $3. 50 in Norway, and $3 in Italy, which gives some idea of the protection accorded farmers in those countries compared with Denmark and the Netherlands, where wheat brings a price of about $1. 80 per bu. The most efficient producer is Denmark and yet Danish farms are so productive that farmers have a substantial margin of income even at this price level.

Before our market opened this morning, there was, of course, the weather to consider. Wintry temperatures have already been received in Canada, with a low of 19 degrees at Regina. Snows were reported in Wyoming and the Weather Bureau reported freezing temperatures in the northwestern sections of the Dakotas, Wyoming, and Montana last night. They believe there will befreezing temperatures in northern and northwestern Minnesota tonight, also western portions of the Dakotas, northwestern Nebraska, and northwestern Colorado. Temperatures are expected toget down to 31 degrees at Huron, South Dakota, but no freezing temperatures are expected in the areas around Minneapolis or south. We would say that for the main corn belt states no such fears of frigid temperatures are in sight. However, there was sufficient apprehension to give the corn and bean market a little firmness at the opening, although wheat and rye were quite weak, and it was mostly lack of demand with some liquidation that caused these declines. The Agriculture Department experts predicted that corn prices would drop during the next month, although they believe that the declines would halt before the farm price reached the $1. 00 a bu level. Mid-August average farmprices for corn were 22¢ per bu under the level for the same period in 1956. According to The Northwestern Miller, USDA officials are now contemplating a new loan level of support for non-compliance farmers in the commercial belt. Some recommendations were for a loan level of $1. 25, which would be as high as last season and would be 70% over parity for that part of the corn crop, thesame level now available for theother small feed grains, such as oats, sorghums, and rye.

From Decatur, Illinois, we heard that beans that were being cut in that area would yield 33 to 46 bu per acre, which is about 5 bu better than last year. In the pamphlet called THE FEED SITUATION, it was statedthat prospective feed concentrate supplies, including by-product feeds and imported grains, would total about 210 million tons, or 10 million above lastyear's record. The supply of oilseed meals available for feeding in 1957-58 may about equal the record level of 1956-57.

Statistics did not count for much, although primary wheat receipts were smaller than last week and less than last year. Kansas City and Minneapolis stock so far this week show a net decrease of 61, 000 bu.

Considerable attention was paid to the noon-day forecast, which indicated no severe temperatures for Illinois, Indiana, and Ohio, but it gave frost warnings for northern sections of Nebraska and for the Dakotas, with the possibility of some low temperatures in the northwestern quarter of Iowa tonight, and hard freeze warnings for Minnesota, accompanied by unseasonably cool temperatures. This brought some buying into both corn and beans, although September beans were relatively weak, and finally went to a discount of 3 3/4¢ per bu under November. September corn was also weaker than the new-crop deliveries. Wheat and rye, which had been quite weak earlier in the session, recovered some of their losses, but flour business is still slow and exports continue disappointing. According to Broomhall the total wheat and flour shipments since July 1st have amounted to only 76. 8 million bu, which compares with 101. 6 million last year.

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CHICAGO, 4 September 20, 1957

Frost had been predicted yesterday for large areas of the Dakotas, Minnesota, Nebraska, and parts of Iowa. Temperatures, however, did not fall as low as the weather men had predicted, and except for a few isolated cold spots we found no extremes, while at the same time the forecast is for warmer weather, although the map is now unsettled, and there may be a considerable amount of moisture not only for the corn belt region, but also for southwestern areas. It was only natural, therefore, that we had some reactions this morning following yesterday's advances, which were largely due to short-covering.

The bean market has traveled a rather rough course. The crop was planted late due to adverse weather, and a great deal of pessimism was expressed earlier, even by experts, although it now looks as though we shall probably raise the biggest crop in history. On August 18th, a noted soybean agronomist by the name of J. C. Hackleman, formerly with the University of Illinois, and now with the Illinois Crop Improvement Association, had this to say: "Just completed a two-week trip from Urbana, Illinois across southern Indiana and Ohio, and back again through the central sections of these states. Generally speaking, I have never seen the soybean and corn crops throughout this area in such poor condition for this time of year*** I hesitate to try to estimate an average per bushel yield for Illinois and Indiana at this time."

From what we learn there may be increased competition in beans from other countries as time goes on. Argentine commercial interests have undertaken the introduction of soybeans on a large scale. They believe the crop may be more profitable than cotton, wheat, corn and sunflowers in certain marginal districts. An area has already been selected for immediate development, which is about the size of Kansas and includes all of the Santa Fe province and parts of the adjacent provinces. Last November about 19,000 acres were prepared for planting, but the season was so dry that only about 3,600 acres were actually sown. Much of the 1,000 tons of seed that was especially imported from the United States remained unused. It may take time before soybeans become an important crop in Argentina, but agronomists and soil scientists who have been trained in the U. S. are analyzing soil and climatic conditions at the various research centers and at experiment stations where careful tests are being made. 74 varieties were on trial in different parts of the country, and when the best have proved their adaptability to local conditions, a production program will be undertaken.

There was a small mixed trade in wheat, but no important news to give traders much inducement on either side of the market. Flour business is still slack, but a sharp break at this time could easily put larger quantities into the loan, and thus give us an artificial market later on. The fine rains in the Southwest undoubtedly will encourage planting, and it remains to be seen whether the government goal of bringing 7 to 9 million acres into the Soil Bank will be reached. There seems to be about 1/2 million acres entering each week, with farmers having until October 4th to make a final decision. $178 million is allocated to the Wheat Acreage Reserve for both spring and winter wheat. In the acceptance of these agreements preference will be given to those farmers who first sign up; thus far there has been no great rush to enter in spite of the fact that the incentive has been increased from $18.00 per bu to $20.88 this season. Also farmers seem little concerned over a lower support price next season, which will average $1.78 per bu on a national average.

Primary receipts of wheat which amounted to 1.1 million bu were a little light compared to both last week and last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 111,000 bu. When the visible supply is posted on Monday it will compare with a decrease last season of nearly 1 million bu.

Trade was not very heavy. As stated above there were early reactions in the market due to better weather, and apparently the frost scare has subsided for the time being. However, there seemed to be better commercial buying in corn and we hear of some shipments that will gradually be made from this market. There was also a little buying and covering of bean futures which brought about some recovery although the close was still lower than the day before. Wheat was also lower for a time, but there was no pressure from any source. Small exports are not large enough to stimulate much buying demand, but both in the Northwest and on Pacific Coast we are told that cash wheat is rather firmly held while elsewhere the movement is down to small proportions.

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CHICAGO, 4

September 23, 1957

After the close of the market on Friday, Secretary Benson announced a secondary corn loan to non-compliance farmers at $1.10 per bu. He tool this action with regret, but said there was no alternative, as steps had to be taken to stabilize the feed grain markets now and the hog market in the future. The 1957 support rate for compliance farmers was previously set at $1.36 per bu. There were so many farmers who did not comply with allotments that the Secretary was apparently apprehensive that if the Agriculture Department failed to act, the secondary consequences might be great. Thus an unusual support program will now apply togrowers in 894 major commercial corn-growing counties in 24 states. By the same token, supports of other feed grains will be increased, and we are apt to have more rather than less artificial influence on markets. There was some disagreement as to how this program would influence the price trend. We ourselves considered it a little bullish but the market this morning opened very little changed, and was undoubtedly influenced by heavy government sales again to exporters, which amounted to 1.8 million bu. There is a legislative provision which requires a recalculation for the four other feed grains, and on basis of this requirement price supports for oats and barley will be increased 1¢ per bu and the support for rye 3¢.

Crop reports that come to us from Illinois are extremely optimistic with respect to progress, and apparently each day without frost hastens the maturity date. There has been quite a little rain in Illinois and in some other parts of the corn belt but many farmers will probably get back into the fields late this afternoon or tomorrow if clear weather continues. Beans have already been combined in some sections and given a few days of clear skies considerable headway should be made in getting crops gathered.

According to USDA, world exports of fats, oils, and oil-bearing materials in calendar 1957 will reach a record high of almost 8.2 million short tons on an oil equivalent basis. What will happen in the following year is still somewhat difficult to forecast. Already we are beginning to experience some difficulties due to restrictive tariff regulations abroad. For example, U.S. lard exports account for over 80% of the world's total shipments, and so far this calendar year they have shown a decline of 15 to 20% due partially to increased domestic consumption, but also because of competition from France, Denmark, Belgium, Luxemburg, The Netherlands, and Argentina. On the other hand, we do not yet know what Manchuria will ship by way of beans or soybean oil, as in recent months there have been reports of damage from floods in the major soybean-producing areas of Northeast China. Nevertheless, Europe may require smaller imports.

Broomhall reported favorable rains last week over parts of the Argentina but the Australian wheat crop is not likely to be particularly large, in spite of the fact that farmers are guaranteed a cost of production on the first 100 million bushels exported. At the present time there is a wheat supply for export and carryover of only 75.7 million bu compared with 123.6 million at this time last year, or a decrease of around 50 million bu.

Chicago wheat stocks showed a very small increase for the week, but we have 15.3 million bu here which is practically all free. The corn stock decreased 901,000 bu, leaving 23.1 million bu in this market. Oats showed a small decrease as did rye, and the bean stock, which declined 72,000 bu leaves 1.2 million bu here.

There was some pressure on beans, particularly when the noon-day report spoke of no excessively low temperatures to come overnight. The early forecast was for some light scattered frosts in northern sections of Illinois, Indiana and Ohio, but there is some question as to whether the mercury will drop that low. In wheat there was some flour business, but generally speaking it shows very little sign of turning. There were a few hedges taken out of the pit, which ran the price up, but reactions followed. The corn-hog ratio at Chicago for the past week shows a slight decline, and is now 14.7 vs 15.8 a week ago, but 10.2 a year ago. Even corn was disappointing in view of the government's action, but there continues to be the fear that government selling will be a factor, and thus prevent much of an advance in spite of the possibility that larger quantities may now go into the loan.

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CHICAGO, 4

Sept 24, 1957.

The weather map is being scanned carefully every morning. There were a few light frosts reported overnight although we do not believe they were of a harmful nature. Weather generally seems to be warming, with temperatures more moderate in Canada and our own Northwest.

According to the Agricultural Marketing Service of USDA, crop production this year is now expected to total only slightly below the record set in 1948 and reached again in 1956. Good weather during August raised yield prospects considerably, as in July it appeared as though we might be dealing with a production 7% under 1956. Feed grains as a whole are expected to be up from last year and about equal the 1948 record, and will probably exceed use, indicating another increase in carryover likely by the end of 1957-58 feeding year. The failure of the corn program is borne out by a statement made by the Secretary of Agriculture that fewer than 30% of the farmers in areas affected by corn controls complied with their federal planting allotments this year. The Secretary has also intimated that acreage controls on corn are unsound and won't work, and in his judgment should be abandoned. The real difficulty is that neither acreage nor loan programs are economically sound, as 85% of the corn never leaves the county in which it is raised, and huge corn gluts lead to overproduction of poultry and eggs. In fact, there was the fear of increased hog production and declining prices later that led to the announcement last week of a loan of $1,10 a bu for corn grown in defiance of federal acreage restrictions. However, the result of this loan is a higher loan in the non-commercial areas and the raising of support prices for other feed grains. This all seems to point to a vicious circle, which is not getting at the root of the difficulties and not helping to solve the problems which are confronting free enterprise. Through the government's possession of tremendous supplies and the marketing of same, it is making it more and more difficult for small businesses to meet this competition. This seems to be contrary to the wishes of the Chief Executive of this nation, who pointed out that small businesses are necessary if this country is to continue to its dynamic economy.

According to the Southwestern Miller there has been a moderate expansion in hard winter wheat bakery flour sales, stimulated in part by mill concessions, which brought quotations to about the lowest point of the crop season. The mills apparently are pushing briskly among large and small independent bakers but the response so far has been disappointing. The only export business we have heard of so far today was 10,000 tons U S spring wheat sold to Austrian importers.

The visible report yesterday showed a decrease of about 4 million bu of wheat, making the total supply approximately 358 million bu, or about 46 million less than a year ago. There were no changes of consequence in the visible supply figures on beans, corn, or oats.

According to the Census Bureau report, crushings of beans in August totaled 25,386,000 bu, bringing the total for the October-August period to almost 294 million bu. The main feature of the report was the large usage of meal, showing that at prices the meal finds ready demand, Therefore the price structure of beans will depend mostly on the demand for oil during the coming season.

Primary receipts of wheat today total 1,666,000 bu vs 1,464,000 bu last week, and 1,902,000 bu on comparable day last year. So far this week Kansas City and Minneapolis wheat stocks show a decrease of 8[illegible],000 bu.

There was very little news in the market today, and prices were within a narrow range. In fact, at the moment outside participation in the grain market is at a rather low ebb, and yesterday the total volume of all grains amounted to only 33 million bu, which is an exceedingly low figure. There are no developments so far which would attract investment buying, and at times markets, particularly wheat, sag from lack of interest. The government continues to sell corn, and while only 147,000 bu was reported sold to exporters overnight, nevertheless it is a detriment in attracting interest to that grain. Reports from the bean territory are rather encouraging as far as condition and yields are concerned

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September 25, 1957

Overnight temperatures did not drop as low as had been forecast. There were probably some light scattered frosts along the Canadian border, but nothing much elsewhere, and it now looks as though we were in for a period of somewhat warmer weather, with a minimum of moisture and very likely clear skies. There was some comment yesterday in the government weekly report that two or three days of rain had slowed corn maturity last week, but they also point out that the crop had escaped freeze damage in the main belt, although much of the crop in the middle and northern portions needs another week or slightly longer for maturity. There fore, weather such as we are having seems to be just about perfect, and generally sentiment was a little bearish this morning, although it was also noted that prices of beans and corn had declined sharply and that possibly some caution should be exercised. The government sold about 2 million bu corn to exporters overnight, and also some fair quantities of milo.

The Iowa weekly crop bulletin stated that the soybean harvest, while underway, showed that approximately 2% of the acreage had been combined, which compared with 15% of the crop at this time last year. They pointed out that most of the corn crop could now stand a light frost, although an early heavy frost could cause considerable damage in some areas. There, too, corn needs warm, dry weather for proper maturity.

It is rather interesting to note that with a large increase in soybean acreage over the years, much of this has been at the expense of corn land, and yet our corn crops have not suffered owing to technological developments and better seed. Actually since the end of World War I, whichis nearly 40 years ago, the U.S. has had no increase in its crop land acreage. Some acres have been cleared, drained, or irrigated, and added to the land in cultivation, but against this there have been offsets as certain acres were lost to urban and industrial expansion, or even to airports and highways or were for other reasons dropped out of use. Against this static crop land base, our population during the period has increased almost 60%, and yet our food supplies have not suffered but rather have risen even more than the population as we improved our techniques in almost every area and shifted from draft animals to mechanical power. Looking ahead, it is obvious that our population will continue to grow, but even granting the truth of such statements, more attention is still being directed to surplus problems than to the adequacy of being able to provide for an increased population while at the same time serving export outlets.

Primary receipts of wheat were 1.2 million bu, a little more than last week and a little less than last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 199,000 bu.

The trade, while not large, was reasonably active, and a good many lows were made as discouraged selling took place. For example, all oat futures went into new low ground, the same was true of July wheat, which for the first time sold for less than $2.00 a bu. December corn declined to a low point on this crop, as did also March, May and July beans, as well as all lard futures. USDA pointed out that the large crop in Europe will cut import needs for wheat, and also that France will be back in the export column, with a possible surplus of about 90 million bu of wheat. They said that the production of wheat in Europe is the largest of record based on preliminary estimates, and that the total for western Europe was about 1.43 billion bu compared with 1.21 billion bu last year. Possibly this is the reason that we are hearing little of export demand, although Canada seems to be doing a little better than last year, while our shipments have declined. Broomhall reported that further rains had delayed harvesting in a number of sections in Europe but that the general moisture situation had improved during the past few weeks, and that this would undoubtedly expedite plowing and planting. Flour demand was still very dull, and while an occasional order seems to be going through, general business is still rather disappointing.

It is probably due to the small foreign demand that carrying charges in wheat are widening. Should we still have a reasonably large stock of wheat here next March, we doubt whether that future will remain at a premium over May, and there was some selling of the March delivery today against the purchase of May with that in view. It was claimed officially that Russia had resumed purchases of Canadian wheat, although the quantities were not disclosed.

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September 26, 1957

The weather forecasters yesterday had looked for somewhat higher temperatures. This was probably one of the reasons, amongst others, that we had selling in corn and beans onthe theory that both of these crops were maturing well, and that before long there would be additional pressure on the markets. According to early forecasts this morning, some light frosts were indicated for northern sections of Illinois, Indiana, and Ohio, with possible freezing temperatures in parts of Minnesota, and a scare was also sounded for northeastern Iowa, although main sections of the belt were apparently to have more moderate temperatures. Thus, the threat was not regarded as too serious, but yet there was a little nervousness displayed, at the opening, particularly after recent sharp declines.

Late yesterday, the Agriculture Department authorized Columbia to purchase somewhat in excess of $1 million worth of surplus cottonseed or soybean oil in terms of their currency. This in itself was not too large a transaction, but there had been previous conversations that the government might not divert sizable amounts of P. L. 480 funds this season to move soybeans or their by-products through exporting channels. This morning the Agriculture Department listed numerous purchase authorizations for various fats and oils, but the announcement was not too clear, and we, therefore, telephoned the Foreign Trade Programs Division in Washington, and were told that this $276 million total for various contracts had been cumulative since P. L. 480 was started about two years ago. There still remains approximately $12.6 million of business to be processed under the fats and oils program in addition to the business yesterday with Columbia. A Washington informant thought it might be two or three weeks before further announcement on new contracts would be issued.

In any case, oil prices were higher before the bean market opened, and probably this had a little influence upon trade, particularly as there was very little pressure from the country, and with soybean futures slightly under the loan level there seems to be a little more caution until the crop is fully matured. Wheat prices were also slightly higher, but commercial business in the pit is extremely slow, and this naturally makes it more difficult to have any strong convictions, particularly as there is a great deal of doubt as to whether our total impoundings this season will amount to more than 100 million bu. Thus, the chance for an artificial market should lessen, although, of course, this also could change, because if there were sharp declines in the price of wheat between now and January 31st, producers could still take advantage of the loan. There is a chance, however, that with the enormous sorghum crop in the Southwest more than the usual percentage of wheat will move into trade channels in order that farmers can take advanttage of the sorghum loan, as there is naturally some doubt as to how good a price they can get for sorghum in view of the tremendous crop.

The Argentine Ministry of Agriculture called attention to the fact that acreage this season was about 10% below last year's. However, the yield is expected to be relatively high, so that a fairly good crop is still in prospect. We also had a report that the French Minister of Agriculture had estimated the French wheat crop at 10.8 million metric tons. This was slightly lower than the previous forecast, but certainly well above last season's output of 5.6 million tons, which was virtually a failure crop and had been affected by heavy frost damage during the winter months. Two years ago the French crop totaled 10.4 million tons, so that there is every reason to believe that France will have fair amounts for export this season.

Primary receipts of wheat were 1.2 million bu, a little more than last week but somewhat less than last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 253,000 bu.

Trade was not at all heavy. Markets were never very weak although at one time wheat prices reacted and a good many people have in mind that the U.S. wheat and flour exports since July 1st have only amounted to 82.4 million bu compared with 107.8 million a year ago, and there is considerable doubt now whether we are going to ship over 350 million bu for the entire season. The midday forecast was much the same as the earlier one, and some scattered frosts are likely for northern sections of Indiana, Illinois, and Ohio, and freezing temperatures arealso apt to be quite general over Minnesota. Corn lost most of its advance and is still near the low of the season, but beans held a good part of their gain.

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CHICAGO, 4 September 27, 1957

So far this current season exports of wheat from both the U. S. and Canada have been very disappointing. This is probably partly due to better crops harvested in Europe, and the delay in this country of allocations under P. L. 480. According to Broomhall, it is the P. L. 480 program that has given the Canadian Wheat Board the greatest amount of difficulty in disposing of their annual wheat surplus, and it is possibly due to the criticism of Mr. Diefenbaker that Congress agreed to cease barter trading in wheat and to cut down the dollar appropriations for the implementation of P. L. 480. The Canadian Prime Minister has arranged an Empire Trade Conference, in which it is expected that the Canadian wheat problem in all its aspects will be discussed, and particularly his proposal that 15% of Canada's industrial imports from the U. S. should be diverted to the U. K. in return for a similar percentage increase of their wheat or coarse grain purchases from the Dominion. He undoubtedly will try to persuade the British government to accept their arrangement for the importation of more wheat, which worked well in postwar years when overseas purchases of Manitobas amounted to 110 to 120 million bu annually. Wheat surpluses in the U. S. and Canada are the result of measures to extend social guarantees of one kind or another, and these programs have interfered with normal production and marketing methods.

According to the Agricultural Letter of the Federal Reserve Bank of Chicago, further crop prospect gains were witnessed in August, and as we have pointed out previously the indicated 1957 output is close to the record totals of 1948 and 1956. Total feed grain production is now estimated at 135 million tons, about 4% more than last year and hay production is up 10%. One of the largest increases in production, of course, has been the sorghum grain crop. According to their letter feed grain prices currently average 15% below a year ago, and the large supply of feed suggests that the low level of feed prices will continue for some time to come. While prices of hogs have weakened seasonally and heavy marketings of cattle have sent cattle prices lower, livestock returns are still attractive. The consequence seems to be that farmers are stepping up hog production and have purchased 3% more feeder cattle in the first seven months of the year than in the corresponding period of 1956.

Overnight there were some frosts in northern and eastern Indiana, some in Ohio, and also in Wisconsin and southern Minnesota, although weather in the Northwest seems to be warmer. From advices we received from Minneapolis there were light frosts in isolated sections of the soybean and corn areas, but they feel that crops are so well advanced that little damage from now on is expected. According to the Quaker Oats Company, they believe that very little damage to corn or soybeans has resulted from frosts, and with normal temperatures indicated for thenext five days, they think that both crops will at least reach satisfactory maturity throughout the central and northern areas of the main belt. Some real late planted corn and beans in southern Illinois and southeastern Missouri will require another two or three weeks without a killing frost, which does not normally occur before late October. As far as beans are concerned, the frost would be welcome through much of the territory for the killing of green weeds, which would make for more satisfactory combining. Our own feeling is that any frost now, unless in the very late areas, would damage quality more than quantity.

Up to September 20th there had been 73, 281 acreage reserve agreements signed up for a total of approximately 1, 965, 000 acres. This would compare with a sign-up last year of a little over 6 1/2 million acres. The largest sign-up was in Oklahoma with Kansas the second.

Markets were on the quiet side today, with a fair amount of the activity being confined to spreading operations. Flour business still remains small, export sales extremely light, and with the present condition in the Southwest there is no incentive for investment buying in wheat until at least the commercial demand picks up. There were 250, 000 bu of Canadian oats sold to come to Chicago, but we understand they were mostly of a selected variety, and bringing good premiums. It is not expected that any large movement will develop unless the spread between Winnipeg and Chicago is much more attractive. The noon-day forecast suggested some further frosts in eastern Wisconsin, lower Michigan, and also some frost warnings for northeastern Indiana, with afew scattered areas of the southwestern portion of the state. However, generally clear skies will prevail over the districts over Saturday and Sunday with somewhat higher temperatures. Corn remains in a rather lackadaisical condition. The government sold about 2 million bu for export. The spot market was quoted 2 1/4 over.

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CHICAGO, 4

September 30, 1957

When the CCC ended its fiscal year on June 30th, they showed the heaviest loss in the history of crop supports: namely, $1,299 million, and they have started their present year with the prospect of equal or greater losses because of huge inventories and large 1957 crops, particularly record yields of grain sorghums and soybeans. The establishing of a corn loan for non-compliance farmers makes it appear, in the judgment of some people, that 400 million bu or more will find its way into the loan this year. In other words, CCC is pushing corn out on the one side and taking it in on the other. Of the present carryover of corn, CCC has a little over a billion bu in storage, and about 250 million put under loan on farms, to be resealed or to be delivered later. In face of the present problems of the price support program, Secretary of Agriculture Benson has again reiterated the statement that our problems have grown out of continuing too long some of the policies designed to meet war emergency conditions. He points out that we have learned from experience that rigid supports and acreage controls are not the answer-- they have not and will not solve the peacetime problems of agriculture-- merely perpetuate them. He said that controls are not effective in reducing overall agricultural problems, despite severe restrictions they impose on the farmer's freedom to produce and market, and that under the present programs agricultural products are likely to continue to be abundant; also, they cannot be successfully priced as if there were a scarcity. He believes that the present legal formulas governing acreage allotments and price supports are proving obsolete.

One of the authorities in Winnipeg points out that both Canada and American grain trades are particularly discouraged and distressed by the fact that the grain surplus is concentrated on this Continent. In other countries, even though the grain is almost completely under control of government agencies, surplus problems appear to have been taken care of. In Canada mounting surpluses have been the experience over a period of years. Even this year's small crop will result only in a minor reduction in these surpluses. We also hear from Canada that the weather has been perfect in the Western Provinces. Elevator space is limited and country elevators now have 55 million bu more grain on hand than a year ago, so that in many cases they will have to refuse farmers' deliveries.

The Santa Fe weekly report states that condition of much of the 1958 winter wheat acreage is the best in a number of years, with a large part of it being planted on land which had been summer-fallowed under the Soil Bank during the 1957 crop. Broomhall advises that more optimistic comments are being received from the Argentine on wheat products in view of the recent much-needed rains, although estimates from Australia are still on the very low side.

According to a Washington dispatch, some factors that helped to strengthen soybean oil prices a year earlier are not operating this year. In the fall of the 1956 season, prices rose in response to the increased demand and somewhat tight supplies, as a backlog of unfilled P. L. 480 orders along with blockage of the Suez Canal increased the demand for U. S. oils and oilseeds. The USDA officials believe that beans may average around price support for the early part of the season, then move up gradually as the season advances, but no steep price rises are anticipated.

Weather over the week-end was milder and clear, with the 5-day forecast suggesting above normal temperatures for the corn and bean areas. One report we received from Minneapolis stated that the week-end weather was perfect, and any loss from earlier frosts would not be a market factor. From downstate Illinois we hear that harvesting of beans was on a large scale over the week-end and that yields continue to be excellent. As far as wheat is concerned, there seemed to be some liquidation on part of tired longs, but on the break there was a little better demand from commercial interests. However, both export and millin demand are quiet and we see nothing to lend any enthusiasm to wheat at the momen We do not like to press it on declines and would regard it more as a trading market although as long as conditions remain favorable in the Southwest, feel that new-crop wheat can be sold on bulges. The government again sold almost a million bu corn and while commercial interests were good buyers today, there was considerable commission-house selling.

Chicago stocks of wheat decreased 300,000 bu, leaving a total here of approximately 15 million bu. Corn decreased 819,000 bu and some effort is being made to dispose of corn stocks to make room for new corn and beans. Cash spot corn market in Chicago was trading at December price.

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CHICAGO, 4 October 1, 1957

The question that is being put to us most frequently is whether the decline in wheat and beans has gone far enough. Other commodities are also of interest, but generally speaking the two just named are those in which traders would engage on the constructive side of the market if they felt that the breaks had gone far enough. From an actual demand situation, it is difficult to see just what will cause much of an advance in either of these commodities for the moment. Exporters during the early part of the season booked a good deal of ocean freight figuring that our shipments abroad might be reasonably heavy. The freight market has taken a big tumble from top levels and with the weakening in overseas demand some of the vessels were loaded with goods that had not been sold, and this resulted in further losses when the cargoes arrived onthe other side. Importers have a way of sensing when an exporter seems to be in trouble and they are not always too helpful in taking distressed products. All this has occasioned a good deal of gloom amongst shippers, and while it is generally felt that there will be some improvement under P. L. 480, it is also recognized that with the dollar shortage abroad and the good crops that have been raised in Europe as compared with last season, there may be a preference for other items, all of which has resulted in a very slow demand for wheat and flour. A little business is being put through here and there, and today Poland bought a cargo of mixed wheat via the gulf, and also a cargo of red wheat via the Atlantic. Egypt is supposed to be in the market shortly, but it is not known whether the purchase will be made here or in Canada. There is even the likelihood that France and Italy maysupply some of the Egyptian requirements.

Weather has been almost perfect over the corn and bean belts, and according to the 30-day outlook precipitation is expected to be subnormal over much of the country lying between the Mississippi River and the Rockies, although above normal amounts are indicated east of the Appalachians and along central and southern portions of the West Coast. In other areas about normal precipitation is expected. Fair amounts of beans have already been cut, and with a continuation of favorable weather it will not take long for the entire crop to be gathered, and very likely harvesting losses will be at a minimum under these favorable conditions.

Overnight sales of CCC corn to exporters were again heavy, with a total of 1.3 million bu changing hands. In the above calculations we have not mentioned one very important factor; namely, the impounding of grain under price supports, which should never be entirely ignored even when actual demand is poor. In another ten days or so we shall have the figures showing how much wheat has been placed under loan as of September 15th. It may well show a larger percentage impounded than the statement issued one month earlier owing to the fact that the price decline has made it more tempting for farmers to take advantage of loans. Also, larg quantities of beans are again expected to go under support.

Primary receipts of wheat amounted to 1.3 million bu, which compare with 1.6 million bu last week and about the same last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 149,000 bu. The visible supply which was late in being posted showed a decrease of 3.6 million, which cuts the total to 354 million bu, and this is about 48 million bu less than last year. The corn visible of 102 million bu is 59.5 million greater than last season. The bean visible increased 985,000 bu to a total of 3.2 million vs 6.7 million last year.

Trade was rather light but the market had a better undertone. Late in the day, the U.K. bought a wheat cargo. The recent selling had apparently run its course although one large local operator was rather active this morning, but despite this there were upturns all along the line although corn failed to hold early gains. During the past week one of the largest commercial users of corn has been a very heavy buyer of corn futures. Apparently this is in anticipation of cash purchases that will gradually be made, and the price has declined to a point that is attracting more attention. Not since November 2, 1949, has December corn sold this low.

The Continent and Japan bought some parcels of soybeans. There was also a little processor buying of futures and the market had a natural reaction. River elevators werelarge buyers of beans but some doubt was expressed whether processors had been able to buy any large quantities.

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CHICAGO, 4

October 2, 1957

Secretary Benson has been meeting with an 18-Member Bi-Partisan Group reviewing various agricultural problems and proposals. His AdvisoryCommission urged yesterday that the Secretary press Congress for the repeal of the current 75% of parity price support floor under major crops. The Secretary also told of a two-price plan being considered, and while he did not want to prejudge any conclusions he did feel that anything resembling the Brannan Plan would not work unless we are prepared to go into billions of dollars of annual spending. May we remind Mr. Benson that the Soil Bank Program last season, which retired about 12 3/4 million acres wheat land, cost the government about $231 million, and that even that program was but partially successful as our wheat crop was reduced by only 7% from the year before. The wheat export subsidy amounted to about 80¢ per bu, which represented a cost of well over $400 million to the Agriculture Department. The net realized cost of programs primarily for the support of prices and incomes of dairy farmers was very heavy last season and amounted to $549 million. So there is nothing really new if Mr. Benson complains about the high cost of various programs that are intended to aid agriculture. Congress has already authorized the payments of $500 million to farmers to cut acreages next season, of which $178 million will be allocated for wheat, including spring and winter varieties.

It is not our contention that the Domestic Parity Plan would be a perfect program for all commodities but if applied to wheat, it would at least permit our markets to function normally, and would place fewer restrictions on the farmer without the necessity of resorting to production controls, allocations, and other emergency measures. Instead of limiting acreage by law, it would be more or less regulated by supply and demand factors, and if prices declined in the world market, the producer would naturally find less incentive to raise large surpluses, so that many of the artificial factors that are presently with us would not have to be dealt with through government-controlled methods. Under the Domestic Parity Plan we would no longer have to dump our wheat abroad by paying a subsidy of 70 to 80¢ a bu on exports. Probably of greatest benefit would be the return of free markets and it would put an end to the wheat accumulations for non-existent markets.

Mr. Benson, in a speech at New Hampshire today, has called attention to the fact that there are more than 200 farm products for which his Department is authorized to provide price supports. For all but 11 of these commodities, merely general guides are provided by law as a basis for price support without the use of fixed formulas. Experience has shown that for 190 or so of the commodities, the problems have been much less troublesome than for the basic commodities on which so much emphasis has been placed and so much money has been spent.

Our markets opened rather firmly this morning and processors were complaining that the country was not selling beans. Even the elevator operators along the Illinois River bought smaller quantities although they had reduced their basis for purchase. Processors did buy some bean futures in order to protect themselves and this gave us a higher market. Wheat also did a little better and theremay have been some flour business the last day or two, although the volume was not particularly heavy. Export business inwheat was confined mostly to the Pacific Coast and to Manitobas, while in beans, Poland was said to have purchased 2 cargoes, one for last half December and another for the first half January, both via the Atlantic.

Primary wheat receipts were down to a little over a million bu, which compared with 1.2 million last week and about the same last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 291,000 bu.

Markets were mostly on the firm side. The Southwestern Miller talked of some rather heavy sales of hard winter flours that had been made overnight although we did not see much hedge lifting. However, possibly purchases had been made in advance or are still to be covered. There was less evidence of commercial buying in corn, The spot market was about even with the December future and there was some unconfirmed gossip that CCC might either curtail or stop selling corn domestically for a time while the harvest movement is on. We could not gain any definite information on this subject. Beans were strong and processors were complaining of the lack of country selling. For several seasons now we have found that the market advanced early due to the fact that there was not a great deal of pressure and as a result industries bought futures. However, with the tremendous crop we doubt whether the advance will go very far at this time as there are bound to be some beans sold and not all of them can go into storage or be held on the farm.

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CHICAGO, 4

October 3, 1957

The Galvin crop report was issued this morning, and, of course, greatest interest centered in soybeans owing to the fact that an increase or a decrease of 10 to 20 million bu would be much more important for that commodity than it would be in the case of corn or spring wheat. Actual soybean production which the expert estimates at 482 million bu is not only a record for all time but shows an increase of some 23 million bu over the government figure in September. It seems that weather conditions were generally ideal for developing and maturing the crop and while we believe that most people had anticipated an increase, today's yield figure was probably more than had generally been expected. There was also an increase in the corn yield, which amounted to about 35 million bu, although not too much attention was paid to this factor, as some upward revision was considered likely, as there seems to have been improvement in most of the Central States, and of late weather for maturing the crop has been extremely favorable. According to Galvin the yield per acre is not far below 1956 but acreage was down considerably. The main thing is that virtually all of the corn in the principal producing areas is now safe from frost. A slight upward revision in the spring wheat outlook also took place. The extra 6 million bu, however, will not have too much influence, and the main thing is the amount of wheat that may become impounded; therefore, that report to be issued by the government a little later in the month will be awaited with eager attention.

The Agriculture Department announced late yesterday that corn loans to farmers in the commercial areas would be increased from $1.36 to $1.40 per bu, and in the non-commercial areas there would be a raise from $1.25 to $1.27. The secondary loan at $1.10 remains unchanged. This was construed as slightly bullish and the market opened somewhat higher until the Galvin report came out, and then there was general selling in the various pits.

Another interesting comment was that the five southwestern states, comprising Nebraska, Kansas, Oklahoma, Texas, and Colorado, would probably have a seeded acreage of 23.4 million vs. 19.4 million last year, and the largest percentage increases are expected in Kansas, Colorado, and Nebraska. This was construed as somewhat bearish on new-crop wheat futures, which declined more than the old ones. It was reported that Egypt had purchased 200,000 tons French wheat and presumably this was a swap against cotton, but, nevertheless, those things are disappointing since our own export trade is already considerably below that of last season. The government sold 784,000 bu corn to exporters, and also some lesser quantities of barley and milo.

Primary receipts of wheat were a little larger and amounted to 1.3 million bu which was a trifle more than last week but a little less than last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 463,000 bu.

Markets were all rather weak during the first half of the session. After that corn rallied again and it seems that the CCC has changed its policy with respect to sales. They will continue to sell graded corn for export. The domestic sale will be changed so that they will only sell sample grade or graded corn that is weevily. However, corn moving to a country elevator and which grades No. 3, 4 or 5 with more than 14% moisture will continue to be sold to country elevators since it is considered to be unstorable.

When the corn market advanced, it also influenced bean prices which rallied, but on the whole trade was rather moderate. July wheat was rather weak as tomorrow will be the last day that farmers in the winter wheat territory can avail themselves of the Soil Bank, and it is generally assumed that the program will be much less effective than last year and that, therefore, with fine moisture we may have a big crop one year hence. There was additional hard wheat flour sold, but otherwise buying was rather slow and we saw very little evidence of any hedge lifting. However December and March wheat closed firm. Lard prices which had shown a good recovery yesterday were marked today by some minor weakness.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 4, 1957

It was astimated this morning by a private source that wheat impoundings up to September 15th would amount to 95 million bu. The USDA will give us an official figure sometime next week, and it will compare with total impoundings for the same period a year ago of 162.6 million bu. In 1956 a total of 253 million bu was placed under support, and this was sufficient to give us artificial tightness in the market for a time, but as advances took place redemptions became possible and about 120 million bu was released, leaving 133 million bu frozen. The wheat loan has always had a very important bearing upon the price level, and for the last three seasons the amount of free wheat at the end of the crop-year averaged only a little over 50 million bu. This is almost a minimum supply considering the length and breadth of the country, although it, too, is not an absolute figure because when we speak of our wheat crop season, we generally use a date of July 1st, whereas supplies are often available to us earlier, particularly in some of the southerly states like Texas, Oklahoma, and even southern Kansas, where sometimes the wheat movement starts the latter part of May, or surely during June.

Broomhall has just disclosed that weekly shipments of wheat and flour from the U.S. were a little under the 2 1/2-million-bu mark. This is very small, particularly in comparison with last year when we were doing a heavy business. To-date our total has amounted to 86.8 million vs. 117.9 million a year ago, or a decrease of 31 million bu. Corn exports have been doing better and for the week we shipped 3.3 million bu, and since October 1st last year total clearances have amounted to 155 1/2 million compared with only 104 3/4 million a year ago. Other exports on the whole have been rather small, with only about half the quantity of oats and half the quantity of barley shipped in comparison with the previous year, while rye shipments are also down to about 1 million bu, but this, of course, is due to smaller quantities in the hands of CCC, and the free supply is not on a competitive basis with Canada. Overnight corn sales by CCC to exporters amounted to 1,685,000 bu. The government is planning to place more emphasis on selling out-of-condition corn abroad rather than in the domestic market. By so doing they hope that it will ease the downward pressure on corn prices. They stated, however, that they had no plans to halt all sales of the government surplus corn, and since their moves are often changed rather suddenly, it is difficult for the average trader to rely too heavily on day-to-day announcements.

Today is the last day that producers may avail themselves of the Soil Bank Program. There has been approximately 2 1/2 million bu signed up under reserve contracts, but this figure is now a week old. However, the goal of 8 million acres may not be reached although the latter includes spring wheat as well, which will not come into play until next spring.

Primary receipts of wheat are running about the same as they have been and today amounted to nearly 1.3 million bu, which was practically the same as last week and last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 478,000 bu. When the visible supply is posted on Monday, it will compare with a shrinkage last year of 4.1 million bu.

Most of the changes today were in wheat and rye. The wheat was undoubtedly influenced by the estimate of heavier impoundings, which, if correct, would indicate an increase of nearly 60 million bu during the 30 day period. That in addition to 600 million that would be consumed at home and possibly 250 million bu that might be exported from the free stock would be more than we raised and could give us an aritificial market later on. We have had to surround ourselves with two hypothetical premises, as we do not know yet whether the exports will be that heavy, nor can we be sure that some of the wheat that has already gone into the loan may not be redeemed later on. There was some wheat worked from Chicago to Duluth, which may also have brought some buying into the pit.

Beans were a little influenced by the strength of the leading cereal. However, trade was not heavy and the market did not get far. Oil was quite indifferent but meal was higher. Corn lagged and finally closed lower. The hog market was off rather sharply. Lard also declined and commercial demand for corn was slow.

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CHICAGO MERCANTILE EX.

October 8, 1957

Some of the important crops as we know them have, indeed, had an humble beginning, For example, historians recorded that cashew trees were first introduced into India during the 16th Century by the Portuguese, who planted them along the Malabar Coast in an effort to check soil erosion. Now after 400 years, these soil erosion preventers have become one of India's biggest cash crops. India controls 90% of the international trade in cashew nuts and cashew shell oil, which is highly prized for making paints and varnishes. We need, however, not go that far back into history to see how the soybean was brought here from the Orient and was originally used largely for fertilizer. When the 1924 crop of less than 5 million bu was harvested, it was almost a drug on the market because the main usage at that time was for plastics, and the extraction of oil was little known. However, scientists have developed many new uses each year and by 1937 crop production had risen to about 41 million bu. During the next 20 years, we had continual increases with the first 100 million bu crop raised in 1941, while the first crop of 200 million bu was raised in 1946. It was not until 1954 that we exceeded the 300 million bu mark, but according to the present outlook we may harvest close to 500 million bu this season on acreage that was largely taken away from corn. The remarkable part of the story is that the corn crop, which this year was raised on a little over 72 million acres, produced as much, if not more, than we used to obtain on plantings of 100 million acres, which, of course, was before the advent of hybrid seed.

For several years the government has had its greatest agricultural headaches due to conditions in wheat and cotton. It looks, however, as though these worries might gradually be transferred to feed grains. Production this year of the 4 major ones, including corn, oats, barley, and sorghum grain is estimated at just under 135 million tons. This is a near-record exceeded only, and then only slightly, by the 1948 production, which was the year when corn reached a record of 3 billion 600 million bu. This season we have a record carryover of corn, which is estimated at about 1 billion 400 million bu, and a big new factor in the feed grain situation is the tremendous increase in sorghum grain. This together with a record barley crop and a big oats crop brings the total feed production up to these high levels. The carryover of the four feed grains is expected to be more than 48 million tons this year, which is nearly double the carryover of five years ago. The government in an effort to help strengthen corn prices is restricting whenever possible sales of corn for domestic use when it is non-storable. On the other hand sales of CCC-owned corn for export will continue to be made on a competitive basis, as previously.

There had been some wonderful moisture Southwest and it now looks as though acreage retirement under the Soil Bank Program did not exceed 3 million for winter wheat. It thus seems unlikely that there will be much strength in new-crop wheat futures, with an acreage larger than anticipated, and with the crop getting off to such a good start,

Primary receipts of wheat of 1.3 million bu were not too large, but yet about the same as last week and a little less than last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 181,000 bu. The visible supply during the week showed a decrease for wheat of 2 1/2 million bu. Total stocks are 351.5 million vs. 399 million bu last season. The corn visible decreased 1 1/2 million bu but still totals 100 million bu, which is 58 million larger than last year. There was an increase in the U.S. bean visible of 3.2 million bu. Total stocks amount to 6.3 million vs. 11.6 million bu last year.

We had another day where the stock market was very weak and this may have had some influence on grains although beans became firm after a cotton report was circulated, which was considered quite bullish. The cotton crop apparently was affected by heavy rains and high humidity and the government figure was considerably less than some of the private estimates.

Corn prices were firm, both for futures and the cash market. Very likely the government announcement on further tightening of policy in selling domestic corn brought some buying into the pit. Beans were rather firm toward the last after a day when there had been intermittent weakness and strength. Flour business is extremely quiet and nearby futures of wheat were weak but July in spite of rains was firm on backspreading.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 9, 1957

The Agriculture Department reported that its stock of surplus farm commodities had been reduced to the lowest point in the last two years, and as of July 31st, their inventory had a worth of $7.3 billion. The bulk of the investments were in wheat, corn, and cotton, which accounted for nearly $6 billion of the total direct price support investment and was brokendown in this way: Wheat $2 billion 288 million, corn $2 billion 188 million, and cotton $1 billion 470 million. Tobacco represented the next largest single item, with $578 million under Stabilization Corporation loans. Thus it is quite apparent that while the hundreds of other agricultural commodities are receiving some attention, the care and concern given to them is proportionately small as against the items just mentioned.

Late yesterday, USDA reported that nearly 98 million bu wheat from the 1957 crop had been placed under price support loans and purchase agreements. This covered transactions through September 15th. While it was the smallest amount for that date since the monthly report was started in 1948, it was, nevertheless, a large jump from the 36-million-bu figure a month earlier. Last year at this time there was 162.6 million bu wheat under support and the year before that 124.2 million. However, we figure that on basis of the last official crop estimate, which was 923 million bu for spring and winter wheat, 600 million bu will be consumed at home for food, feed, seed, etc. Possibly as much as 250 million bu of the free stock could be exported, so that when these two items of disappearance are subtracted from this year's production, it would leave only 73 million bu for the loan without creating an artificial sutuation later on.

In this projection, of course, it should be realized that we are exporting wheat only gradually, and as a matter of fact slowly for the moment. Likewise we are making only small inroads into the supply that will ultimately be utilized domestically during the entire crop-year, so that the effects may not be felt until sometime next spring. Should there be any disappointments in the amount of exports, it would, of course, change these calculations but we should also realize that farmers have until end of January to take advantage of additional loans which are available to them under the law. Later on, of course, if the price of wheat should advance there could also be redemptions as was the case last season on a rather liberal scale. For the time being, however, we prefer to buy wheat on minor setbacks, as we do not believe there will be too much pressure, particularly as most of the impoundings thus far have been in the commercial areas of the Midwest, while only about 14 million bu was impounded in states on or adjacent to the Pacific Coast.

Primary receipts of wheat were down to 987,000 bu, but this was only slightly less than last week and a shade more than last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 229,000 bu.

At the two day Canadian-U.S. Conference, Canadians had apparently shown their displeasure that U.S. barter deals and other selling methods for the disposal of surplus commodities was interfering with normal trade relationships. Both delegations agreed that each nation must continue to support general agreements on tariffs and trade, but as far as we can see there were no concessions made by us that would indicate smaller shipments or offerings in the season ahead

Our wheat market was rather firm and this was due to the heavy impoundings and the possibility that we would have artificial markets later in the season. At one point quite a number of hedges were put into the pit apparently against some scrip purchased from the government, but this did not have too much influence except that it halted the rise. New crop wheat futures were under pressure and with the fine crop prospects, they scored new lows for the season. Soybeans were quite strong and this was very likely in sympathy with the product as both meal and oil were higher and the nearby meal futures were very strong. Corn showed a much better undertone. There was apparently not much pressure. The fact that the market has had a pretty good break and that government selling of non-storable corn in the domestic market may lessen were all factors that created a better sentiment.

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CHICAGO, 4

October 10, 1957

Secretary Benson made a talk today at Sioux Falls, South Dakota, and he urged that new formulas be used in connection with price supports, claiming that unless there is some modification, the stage is set for a second surplus just as soon as we have reduced the first one. He has tacitly admitted that the corn price support programs have not worked out,well in the past. We concur heartily with this statement in view of the fact that 85% of the corn never leaves the county in which it is raised, as so much of the crop is fed right on the farm where it is produced or else marketed in the immediate area. Mr. Benson also admits that more importantly acreage allotments have not proved effective either as a way for individual farmers to qualify for price supports or as a means to secure production adjustments. After all, unless there is some support for hog prices, it seems unwise to try to support the price of corn when only about 15% is affected with respect to that portion which is marketed; therefore, it does not make too much difference whether price is a little higher or lower. It is true, of course, that large supplies of other feed grains have resulted in increased carryovers of corn, and this in turn under present legislation has reduced corn acreage allotments. As a matter of fact, only 20% of the corn in the commercial corn area is eligible for full price support. As the Secretary pointed out we were threatened this year with an oversupply of all feed grains, which in turn threatens the whole feed grain livestock balance, and it was to help avoid temporarily some of these consequences that the secondary corn loan of $1.10 a bu was recently adopted for non-compliance farmers. But he admitted that this at best was only a stopgap.

Before our market opened this morning there had been reports of a few frosts, and possibly a few more are likely although, generally speaking, higher temperatures are in sight. CCC sold more than a million bu corn to exporters overnight. After the close of the market today, there will be an official forecast of the corn and bean crops. Not many changes are expected, although weather has been very favorable, and the figures are likely to show an improvement over the September production. During the week wheat and flour shipments from the U.S. were heavier, and according to Broomhall amounted to 6.3 million bu. This means a total of 96 million since the first of July, which is 26.5 million smaller than a year ago. While export business has been regarded as disappointing, one must admit that shipments of nearly 100 million bu during about the first quarter of the season might still give us a rather large total, and altogether we regard this in connection with the impounding figures as lending strength to the market as time goes on. Corn clearances were 965,000 bu for the first week of the season. This compared with 2.2 million for the first week of the season a year ago.

There has been no word out of Washington with respect to P.L. 480 oil authorizations. There had been a fair amount of gossip yesterday that these might be forthcoming. Spain will very likely receive an allocation for 85,000 metric tons soybean oil, and there is also talk that Turkey wants to buy about 40,000 metric tons cottonseed oil. Gossip is that Italy will be in the market for a round-lot of vegetable oil.

Primary receipts of wheat amounted to 1.1 million bu. This was a littlesmaller than last week but about the same as last year. Kansas City and Minneapolis stocks sofar this week show a total decrease of 359,000 bu.

There was not much news to day to affect markets. India bought 8 cargoes of Pacific Coast wheat but that type of trade seldom has much influence on us although it does reduce the accumulated surplus, and in terms of exports is important. We did hear, however, that Poland had bought two cargoes of mixed wheat, but there was not too much evidence of hedge buying against this transaction. In any case, wheat prices were rather firm and during most of the session higher in spite of the fact that demand for flour was slow. Beans were a little less active today. The fact that meal prices had reacted and that soybean oil was indifferent probably lessened interest for traders. They reported that Manchuria had sold 9,000 tons of soybeans to Japan, but otherwise there was no significant news. Corn was barely steady and in our opinion this is merely a trading market. It will probably not get too far in either direction, but for the moment government sales in the domestic market have lessened but everyone knows that they may increase again during November after the harvest movement subsides. This is always the trouble when the government amasses such huge supplies.

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CHICAGO, 4

October 11, 1957

The government report issued after the close yesterday was a bearish document throughout. It seems that despite millions of dollars that our government has spent in cutting acreages through the Soil Bank, we have, nevertheless, achieved a total crop production this year to equal the previous peak. According tothe October 1st estimates, we shall match the top years of both 1956 and 1948, and apparently the feed grain production has been swelled by the recent gains in sorghum grain, while corn is expected to be 3% larger than last month, despite the early handicap of late seeding and a very gloomy outlook that the experts gave us three or four months ago, when they thought we would raise less than 3 billion bu. The large corn crop is being harvested from the smallest acreage in nearly 40 years, while pasture conditions are well above average. Winter wheat seedings in the Great Plains are making the best start in recent years. Favorable moisture supplies are urging many farmers to put in large acreages for 1958 production as drought memories are dimmed, and eyes are focused toward better days when there will be a reduced danger from spring wind erosion. Seeding has almost been completed in many sections, with generally good growth in evidence.

In looking back, we find that much of the trouble which the government has had in wheat and in cotton, while somewhat corrected, is being transferred to feed grains. Even though killing frosts did threaten and did actually bring a few blows to late-planted corn, a crop of 3.3 billion bu is a tremendous victory on an acreage of only72.2 million, which is more than 10 million below the 10-year average. This year's yield of 45.7 bu per acre slightly exceeds last year's record, and is far above the average of 37.8 bu. The soybean crop of nearly 487 million bu is up 6% from last month, and we feel that it will make a tremendous showing with last year when the 1956 revised figures are published. The large production this season is the result of the highest acreage of record and also record yields. Here, too, is an achievement because of adverse weather early in the crop season and late plantings that we should have an indicated yield of 22.5 bu per acre, which compared with 22.3 bu, a previous record in 1949. The phenomenal sorghum production of 514 million bu is more than double the 1955 previous record. Large acreage expansion plus rains brought into reality a dream that few had ever believed might come true. There was no change in the government estimate for winter wheat but with the slight increase in spring, the total now shows 927 million bu for the two crops, and this did not bring anysurprises. The record large hay crop of 121 1/4 million tons is well distributed, thereby insuring ample winter feeding supplies livened with record amounts of alfalfa.

According to preliminary reports, there has been 3.8 million wheat acres signed by farmers who participated in the Soil Bank Program. At the end of the 1957 winter wheat acreage reserve program, the sign-up had amounted to 10.7 million acres. This year's retirement was a little more than had been anticipated, but we believe that when the estimated planted acreage is given in December, it will show a very high figure.

Primary receipts of wheat were 1.2 million bu or the same as last week, but this compared with only 881,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 488,000 bu. When the visible supply is posted on Monday it will compare with a decrease last year of 2,150,000 bu.

Trade today was dominated almost entirely by the bearish government report and it was a foregone conclusion that beans and feed stuffs would be selling lower. Actually there was no good reason for wheat to decline although sympathetically it was affected by the surroundings in other pits, and there was a moderate liquidation, although all markets seemed to recover some from the extreme lows. The milling demand was still dull, and there was nothing in exports. Government sales of corn overnight were next to nothing mainly for the reason that with a bearish corn report nobody was bidding. In spite of the fact that beans had a rather severe decline at one time of more than 2¢ per bu, there seemed to be some absorption with commission houses buying November beans all the way down and this naturally cushioned the declines.

There was nothing much in the weather news. Some frosts have occurred and more are likely but in the main skies will be clear, and at the moment traders are not paying too much attention to this factor.

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October 14, 1957

The wheat surplus problem would not be nearly as acute except for the accumulation of supplies in North America. As a matter of fact, the reserve stocks in the Southern Hemisphere countries are not particularly heavy, and moreover, Australia's 1957 grain crop deteriorated further during September, and continued dry weather has reduced yield prospects so much that current forecasts indicate that the next wheat crop may be even smaller than the outturn of 135 million bu last season. In Argentina, crop comment for wheat is still fairly satisfactory but moisture supplies remain below normal in some districts, and a general rain would be welcome. The export market in that country has been extremely slow for several weeks, but this is probably due to better crops in Europe and thegenerally smaller demand.

Canada had a very poor crop last summer, and spring wheat yielded about 8 bu less per acre than the year before. Nevertheless, a carryover reserve of 723 million bu added to the production of nearly 370 million has created a situation in that country which is nearly as serious as ours. Canada, under the leadership of Premier Diefenbaker, is moving along cautiously on methods of trying to solve the wheat surplus problem. There have been some suggestions that Canada might exchange wheat for strategic materials, but this has been turned down because Canada had no need for such materials. Similarly the government was opposed to selling wheat for local currency which might not be readily exchanged for dollars or converted into dollars since this amounted to a loan or a gift. On the other hand, there might be an occasion for making an outright gift of wheat by the Canadian people to such countries as India, Pakistan, and Ceylon, if they so desired. Broomhall points out there is some doubt as to whether Canada is prepared to imitate America's methods or to indulge in price-cutting warfare for the "protein market." Canada will continue to rely onthe quality of her wheat to maintain an overseas demand for the higher grades of Manitobas, but it is still thought that there might be a more flexible policy in the future for the marketing of lower grades.

We had some very heavy rains overnight, particularly in Texas, where in some localities as much as 10 inches fell. Around the Panhandle region it must have averaged an inch or better, and there were other parts of the Southwest which Similarly were benefited, but to a lesser extent. This is all very favorable for the winter wheat crop, and we believe was so construed. Even with the old crop futures rather firm this morning, the new months lagged. It is thought that in addition to the good outlook, a large acreage has been planted, so that next summer we might have a very big crop again. Beans were higher and there seems to be some talk that large quantities will be impounded and that somehow storage will be found to prevent too large a movement to market at this time. The crop, however, is so large that we doubt whether there can be much of a bull market this early, The harvest is said to have passed its peak although it will take another three weeks yet on late seedings in west central Illinois.

USDA pointed out that corn exports for the 1956-57 season came to a little over 160 million bu compared with 107 million the year before. Around 4 million bu soybeans were inspected for export during September, which brought the total to nearly 85 million bu vs. slightly over 67 million the year earlier.

It was difficult to ascribe reasons for today's upturn. Some of the buying may have been due to less favorable conditions in the Middle East, particularly inSyria, but in any case, beans were somewhat influenced by rather light pressure and there seems to be a little more friendly sentiment on the theory that processor demand may improve, and that at the same time country offerings will be small. Wheat, which had been weak last Friday, mainly in sympathy with beans, made a good recovery today, and there was no special buying except some local absorption and also short covering. Milling demand was no better, and there was nothing reported in export circles, although, as we have pointed out, wheat clearances for the first quarter of the season have amounted to about 97 million bu, so there must be a fair amount of business passing right along. Even July wheat finally gained, although the spreading today was mostly between the December and March deliveries elevators going short the nearby, which would lead us to believe that there may be some deliveries when December rolls around, Corn was quite indifferent, and while the market was firm, it did not pay much attention to greater strength in other pits. Rye advanced rather sharply.

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CHICAGO, 4 October 15, 1957

Yesterday we had very strong markets and no doubt some of the buying and short-covering was due to disquieting reports that came from the Middle East, particularly from Syria. However, the securities market sometimes gauges matters of this kind just as keenly, and even more so, than we do, and the fact that international oil stocks were rather firm yesterday, and gained again this morning, was evidence that people who had investments in that part of the world may have been apprehensive, but at least they did not consider the news as critical. It was stated this morning that the dispatch of Egyptian troops to Syria was not a military display, nor was it intended as a war of nerves against any country. Of course, we cannot always believe statements of this kind, and we have heard the expression in the past that when sabers rattle, there is always the danger that somebody may be hurt.

In any event our markets did open a little lower this morning, but this may have been a natural consequence following yesterday's elimination of shorts, with the resultant weakening of the technical position. There had been some rains overnight and more are forecast. This included southwestern areas, which have now had a good deal of precipitation, and one can only conclude that the outlook for the next winter wheat crop has been greatly enhanced. Thus we may hear of surpluses again next summer, which is one of the basic issues with which the administration must contend today.

In a speech given in Boston this very day, Mr. Benson pointed out that controls are not effective in reducing over-all agricultural production, despite the severe restrictions they impose on farmers' freedom to produce and market. In looking ahead, he feels that agricultural products are likely to continue to be abundant and under such conditions he says that they cannot be successfully priced as though they were scarce. In his view the present legal formulas governing acreage allotments and price supports are proving obsolete. In this regard we agree wholeheartedly with the Secretary, and we have been claiming for years that to have parity based on each bushel of grain or commodity is neither fair nor possible owing to the fact that we have had a technological revolution in this country, and on American farms production per farm worker is now double what it was 15 years ago. Thus it stands to reason that if we are to have parity income, it should be based on per acre of land rather than on per individual bushel.

Through the heavy exports our surplus holdings have lately been reduced considerably, and supplies that were in the hands of Commodity Credit Corporation have been reduced approximately one-sixth during the past 16 months. This, of course, was largely possible because of the record wheat shipments of 547 million bu last season, which in turn was due to a large extent to small crops in Europe and the fact that we usurped markets very largely at the expense of the Canadians. There is some doubt in our minds whether the Soil Bank was much of a factor in reducing surpluses. We think of it rather in terms of shifting between commodities, and undoubtedly a problem was created in feedgrains as wheat and cotton acreage was diverted to other commodities. As a result prices for feedgrains will probably continue below last year's levels during the fall and winter months. Production is near record, while the carryover is the biggest we have ever had, and the total feed concentrates supply for 1957-58 is at a new peak both i total and per animal.

Primary receipts of wheat amounted to 1 1/2 million bu, which was slightly more than both last week and last year. Kansas City and Minneapolis whea stocks so far this week show a total decrease of 89,000 bu. The wheat visible for the week declined 500,000 but this still leaves 351 million bu in all positions, which is about 45.8 million bu smaller than a year ago. The U. S. Bean visible increased 4 1/2 million bu, and total stocks in all positions are close to 11 million bu compared with 16.5 million bu last year. Here in Chicago the bean stock increased 2,340,000 bu to a total of 6.3 million bu. Chicago wheat stocks declined to 14.3 million bu.

Markets were inclined to be weak early, but later on beans became very strong, and this carried prices for various grains somewhat higher. However, the advance in beans did not hold in its entirety, and wheat, after shorts had been pretty well eliminated, declined about 1 1/2¢ per bu from yesterday's levels. There was nothing much reported in export circles, but flour business was slightly improved. Corn seems to be doing absolutely nothing. There is little absorption on breaks owing to the fact that the market has gone down so much, but with the general bearishness in feedstuffs aggressive buying is absent. Country selling of beans is still very slow, and this is giving some encouragement to longs.

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CHICAGO, 4

October 16, 1957

In the monthly issue of THE DEMAND AND PRICE SITUATION, the Department of Agriculture arrives at some interesting conclusions, a few of which we shall try to state briefly. In their opinion soybean oil prices during the heavy October-December 1957 marketing period are likely to average somewhat lower than a year earlier. They point out that some factors that helped to strengthen prices last season are not operating at present. In the fall of the 1956 season, when supplies were tight, demand increased because of a backlog of unfilled P. L. 480 orders and the blockage of the Suez Canal. As for the price of soybeans during most of the 1957 harvesting season, theysay that they will probable average near the national support level of $2.09 per bu on the farm. The size of foreign crops, such as Mediterranean olive oil, African peanuts, and oilseeds in various countries, will not be available until late 1957 or early 1958, but the outcome could easily have considerable influence on U.S. soybean prices later in the season. As for wheat, they still maintain that exports might reach a figure of 400 million bu. The domestic disappearance is reckoned to be 590 million bu, or slightly above last year's. On basis of the last crop estimate of 927 million bu and probably imports of 8 million bu, they expect a carryover of 850 million bu on July 1, 1958, which would be a reduction of 55 million from the reserve stock on July 1st of this year.

During the first 9 months of 1957 farmers have received $20.5 billion from marketings, which is about the same as in the corresponding period last year. Prices averaged 3% above a year ago, but marketings were a little smaller. Federal expenditures for the various agricultural programs are likely to rise in the current fiscal year to $5 billion, which would be an increase of $400 million from the preceding year. There will undoubtedly be smaller appropriations for the Soil Bank Program, but this is more than offset by higher expenditures scheduled for price supports, also increased outlays for rural electrification and several other categories too numerous to mention here. In view of this and the fact that interest payments on the public debt will increase as maturing securities are re-financed, and with our major expenditures for national and security programs more apt to increase than decrease, due to the development of the Satellite, there seems to be every indication that our budget, which is now being worked out by the President, will again be a very high one. A few small reductions in the Armed Forces and the Mutual Security Program will be partially offset by increases in atomic energy and stockpiling of strategic and critical materials.

There was some rain overnight but it will probably become clear Southwest, while rains in the corn belt east of the Mississippi will continue today but will subside by tonight. Corn prices were higher at the opening, despite moderately heavy CCC sales of corn to exporters overnight. There was also a large quantity of barley sold in addition to oats and milo; a few parcels of corn were sold to the U. K. and Formosa was said to have purchased 14,000 tons soybeans for November-December shipment, while Japan bought 3 cargoes of white wheat via the Pacific. They also purchased several cargoes of Manitobas.

Primary receipts of wheat were quite small and amounted to only 792,000 bu, although this was practically the same as last year and compared with 987,000 bu last week. Kansas City and Minneapolis stocks so far this week show a total decrease of 260,000 bu.

Markets were not particularly active, but the news from the Middle East was again brought to the foreground when Syria today demanded that urgent action be taken by the United Nations General Assembly against Turkish troop concentrations. Syria claimed that this was presaging an imminent attack and would be a military threat to her country. We still do not believe that as unpleasant as action of this kind is with the possible concentration of troops that it means an open conflagration. However, shorts became jittery and there was covering in both wheat and beans. Corn had been independently strong right from the start and possibly a little wet weather may have brought some buying into the market. However, there was not much pressure. On the other side of the picture we have the heavy carrying charges which amount to almost 10¢ per bu from December to July corn. This, in our opinion, is somewhat of a handicap to bullish operations, but otherwise it is difficult to get too bearish on corn with the chances that large quantities will be impounded under the regular loan and the secondary one. Whether the market can go up much is also doubtful in view of the bearish feed crop situation.

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CHICAGO, 4

October 17, 1957

It was a foregone conclusion that all grains and beans would open higher this morning. Before our market opened there was moderate strengthin soybean oil, while the securities market in New York was weaker. This was all due to rising tension in the Middle East, and apparently we have taken a very strong stand with Russia placing them on notice that a Russian attack on Turkey would bring the fury of the U. S. and retaliation against the Soviet Union itself. According to a Washington dispatch, there would be no sanctuary for Soviet aggressors as the Chinese Communists had inKorea. At a Press Conference, Secretaryof State Dulles said that he did not believe there would be a war in the Middle East but he felt that we must be on guard lest Russia should attack Turkey. While there was buying this morning that might have been further covering by shorts, there were also some investment purchases.

Not too much attention was paid to other factors, although weather in the Southwest seems to have cleared, and while some rains are likely for the corn belt during the day, it will probably stop raining by evening, and thus weather should improve sufficiently to permit gathering of corn. Even though Illinois has had no measurable rains since September 22nd, until just recently, corn picking has been rather slow as it was claimed that moisture was too high in many fields for safe cribbing. Only about 15% of the crop has been picked, which is the lowest percentage for this date since 1952. By mid-October a year ago, 45% was picked and the average is about 30%. We doubt whether a slight delay is of any great importance except that with the comparatively low price that prevails country selling of old crop has been kept to a minimum. As for the soybean harvest, it started rather slowly in this state but has progressed rapidly during the past two weeks and is now said to be 85% finished. This is about average for this date but a little later than last year when 95% was harvested by October 15th.

There were no reports of export business in wheat although West Germany reported receiving licenses for the purchase of 8,400 tons U. S. corn and 5,000 tons Canadian durums. Canada, incidentally, is doing a large export business via the Port of Churchill, and in the shipping season just ended record clearances were established. The Hon. Gordon Churchill, Trade Minister, struck an optimistic note just a few days ago when he stated that the Canadian government was negotiating with India, Pakistan, and Ceylon togive them about 6 million bu surplus Canadian wheat as part of Canada's Colombo plan contribution. The ending of the U.S. barter-deal program for getting rid of its surplus wheat may mean that Canada could dispose of 40 million more bushels Canadian wheat this coming year in the U. K. and Europe, according to Mr. Churchill.

CCC sold exporters a total of 728,000 bu of No. 2 yellow corn between Atlantic and Gulf positions on overnight bids.

Primary receipts of wheat today were 1,354,000 bu, which was a little more than last week, and compared with about 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total of 462,000 bu. decrease.

There was very little news during the session. Reports came in about conditions in the Middle East, but they did not differ materially from what we have stated earlier, except that they kept tension aroused. We can only repeat a story attributed to the late J. P. Morgan, who was once asked by a friend, what he shou do because too much of his money was in stocks and he could not sleep nights. Th financier's prompt reply was to "Sell down to the sleeping point." We believe this is applicable to grains where shorts, even though they may not feel that there is going to be a war, have covered some of their commitments just to be on the safe side. Neither the grain market nor the stock market has been active enough or has fluctuated sufficiently to indicate that a real war-scare is in evidence. There was a considerable amount of corn bought by an elevator and export concern, but generally speaking activity in grains was not too marked.

Crop conditions in Australia continue unfavorable for wheat, and unles there is some rain soon this year's production will only be a fraction of normal. Here at home flour buyers are not showing the same concern that is reflected in stronger wheat futures, and business is rather quiet. Rye was strong, and there was a higher market at Winnipeg, although they did not advance as much as we did. There is still a considerable amount of humidity over most of the Texas Panhandle which is interfering with the milo harvest. However, there is no particular concern over the fact that there is some delay in harvesting operations either in that part of the country or over the Corn Belt.

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October 18, 1957

Production expenses of farm operators have been going up steadily since recorded figures have been kept by the government. For example, in 1910, they amounted to $3.5 billion, while in 1956 they had risen to $22.3 billion. This is probably one of the reasons that the net income of farmers has declined because actually gross income is almost as high now as it has been at any time in history. Last year, for example, it had amounted to $34.3 billion, which compared with an all-time high of $37 billion in 1951.

Surprisingly enough, the heaviest item listed under production expenses is that for feed. In taking the country as a whole, farmers last year spent nearly $4 billion for this one item alone. Thus it can be seen that while feed prices are a very important item to those who grow feedstuffs, there is another element in the farming community that apparently does a good deal of feeding and has to buy a large percentage of feedstuffs from others. The second largest item in the category of production expenses consists of depreciation, which amounts to $3.8 billion. We shall not go through all of the various categories except to mention that repairs and operation of capital items cost farmers about $3 1/2 billion. This is not only for the repairs and maintenance of buildings, but also for repairs and operation of motor vehicles and other machinery, including fuels that are used for the conduct of farm business. We do not have the figures for the number of motor trucks purchased last year but in 1955, 498,000 were bought. Peculiarly enough, two-thirds of the trucks that were purchased were second-hand. This may be a little difficult to understand except that the figures also reveal that about three-fifths as many trucks were traded in or sold by farmers as were purchased. Hired labor was the fourth highest category in expense, which meant an outlay for the U.S. farmer of $2.8 billion, and this no doubt would be very much larger except for the many mechanical devices that are being used.

Before our market opened this morning, there was news from the Middle East of a more conciliatory nature than we have had in days. Diplomats insisted that dangers were not nearly as ominous as they appeared, and our own officials were certain that no one was premeditating a war in the Mid-East. The securities markets and the oil markets, which opened before we did, showed reactions from yesterday, with stocks higher and oils lower, and this all had an influence on grains and beans, which was not at all surprising.

According to Broomhall, U.S. shipments of wheat and flour for the week were cut to 3.2 million, but since July 1st they have amounted to 105.6 million, which is only about 31 million smaller than last year when total clearances for the season had reached a record. World wheat shipments since August 1st have likewise shown a decline of 44 million bu as compared with 1956, but this no doubt is due to larger crops in Europe, which has meant less business from the surplus countries.

Weather overnight was generally fair but temperatures had fallen somewhat, and are a little below normal for all sections. The prediction is for continued fair for the corn belt over the week-end with frost in northern sections tonight, and all this should be favorable for picking and gathering of corn, which has been somewhat delayed. Government sales of corn amounted to about 585,000 bu but CCC also sold a million bu barley and some rather large quantities of rye and oats. There had been no corn bids at the gulf.

Primary receipts of wheat were 893,000 bu compared with 1,202,000 last week and 871,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks have decreased 577,000 bu. When the wheat visible is posted on Monday it will compare with a decrease last year of 4,470,000 bu.

The tenor of news on the Middle East situation was much more reassuring this morning, with the result that there was general selling in all pits at the opening, with wheat and beans showing the most weakness. It was reported that Denmark had purchased a cargo of beans, and that parcels of corn had been sold to Ireland. CCC was a large seller of barley, and also disposed of fairly good quantities of oats, rye and corn overnight. It is expected that with clearing weather harvesting of corn will increase which may bring some pressure on that cereal. With the exception of wheat, markets recovered somewhat from the lows, but trade in total did not seem to be heavy.

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CHICAGO, 4 October 21, 1957

With the very poor wheat crop that is being grown this year in Australia, we shall probably not be faced with their competition in the Japanese market, although it is of rather special significance that Japan and Australia have entered into a new trade pact. As a result Japan expects special tariff treatment for its exports to Australia, while inturn Australia expects to obtain firm markets in Japan through 1960 for itsagricultural exports. Japan today is second only to the U. K. as an outlet for Australian products, and it is hoped that because of the first steps being taken there will be a larger business to Japan for various products such as wool, barley, and semi-hard wheat. In the year just ended Australian exports in Japan totaled about $314 million, while its imports from that country amounted to only $27 million. The new trade agreement attempts to balance out some of these inequalities besides giving Australia even larger markets for its exports.

Before our market opened there was not too much to guide it. Events in the Middle East still do not suggest anything approaching war, although there seems to be a little difficulty in getting Turkey and Syria together for round-table consultations. Both Russia and Syria have charged that Turkish troops are massing on the border for an assault on Syria. None of this news was taken too seriously by international oil stocks or by traders in oil, all of which undoubtedly influenced our markets to a lower opening with some selling mainly in wheat and beans, although other grains were also affected.

CCC sold only moderate quantities of corn to exporters overnight, but, nevertheless, there seems to be pretty much of a steady business. CCC corn sales for the week-ended October 9th were 3 1/2 million bu, and included 2.8 million for export and 744,000 in the domestic market. Since October 1st total sales have been 13 million bu compared with only 3 million a year earlier.

There were some moderate showers over the Southwest, although in some places the rain was reasonably heavy. It fell over the Texas Panhandle, while precipitation also occurred in Iowa and Nebraska. The forecast is for rather generally unsettled conditions with rain or snow likely tonight in the Northwest and scattered showers elsewhere. Temperatures generally will be somewhat cooler.

According to the USDA supplies of wheat for export or carryover in the four principal exporting countries, including the U.S., Canada, Argentina, and Australia totaled 2.16 billion bu. vs 2.43 billion last year, which had been a record and 2.327 million on October 1, 1955. The smaller supplies reflect the drop in Canadian production and also smaller carryover stocks in Australia and the U.S. Supplies in Argentina and Australia do not include the 1957-58 crop, which will be harvested in December and January.

Chicago stocks of wheat showed a small increase and there is about 14.4 million bu here in Chicago which is still quite a fair amount. Local corn stocks decreased to 19.6 million bu. and the stock of beans increased over 2 million bu to a total of 8.4 million. This visible supply was late in being posted.

Markets were not particularly active but there was some weakness in wheat, part of it being attributable to the slow export demand while flour sales over the weekend were also very small. Thus there are very few commercial hedges being taken out of the pit although we did see some buying that might have been for export account although it was difficult to say what this was against. Corn was inclined to be somewhat weaker, and we would think that with a very weak feed situation, corn could easily lose ground on wheat. In fact we recommend the spread of buying wheat against sales of corn, feeling that wheat might be influenced by heavier impoundings later on plus the fact that hedging pressure is about over. Corn will undoubtedly feel the effect of some hedges even though large quantities are apt to be placed under support. Soybeans were weaker. There was not much pressure but there was some selling and longs are not getting much encouragement as the products are not in very good demand.

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CHICAGO, 4 October 22, 1957

The Department of Agriculture has made a pretty thorough study of the estimated costs of programs for price support by direct payments. On October 10th, they circulated their conclusions but surrounded themselves with many "ifs" and "ands." They went forward on the premise that any present excess carryovers would either be withheld from the market or gradually disposed of in ways that would not affect the domestic level of prices. Their study envisioned high employment, a stable price level, and a growing population. They made allowance for individual commodities to be supported on the basis of 90% of modernized parity, and they included all major commodities that ordinarily accounted for about 85% of the total cash receipts from farm marketings. In other words, they provided in their analysis for wheat, rice, corn, oats, barley, grain sorghums, cattle, calves, hogs, sheep, lambs, milk, butterfat, eggs, farm chickens, broilers, turkeys, peanuts, soybeans, cottonseed, cotton, wool, burley tobacco, flue-cured tobacco, potatoes, and oranges. While admitting that it was somewhat of a guess as to what a program of this kind would cost, they predicted somewhere between $7 and $10 billion annually. We would say on the whole that it was a rather critical analysis. However, no one has ever suggested bunching all farm commodities and trying to protect every phase of our agricultural economy. Eventoday price support is primarily concerned with less than half the production of less than half the farms. The main publicity on price supports concerns the basic commodities. They contribute only 23% of our agricultural income. A few other products get some government help. However, 60% of our agricultural products do not receive price support to any appreciable extent. For these products price supports either are not greatly desired or it has not been possible to devise price supports that are acceptable, or both. Another criticism we offer to this treatise is that in trying to evaluate direct payments, the government subsidy allowed for no controls nor restrictions on production and simply assumed that income supporting payments on unbridled production would run to fantastic heights.

Many well informed analysts who are very much interested in the welfare of the farmer are critical of the programs now in effect under which our government is spending $2 to $3 billion yearly in price support operations. These people believe that government should be examining fairly any and all methods that offer any prospect of getting more for farmers and consumers on basis of the spending. They point out that USDA budget expenditures have totaled $21.5 billion during the last five fiscal years, starting 1953-54. The estimate for 1957-58 is about $5 billion. The administration plans to ask Congress for another $2 billion in P. L. 480 funds to finance exportation of surpluses which continue to mount. The request is for $1 billion for each of the next two fiscal years. Thus it is obvious that present spending for agriculture is already at the highest figure for all time.

Overnight news disclosed that there had been heavy snow over Alberta and in portions of Montana, also showers were quite general over the Southwest, while east of the Mississippi rain had been inconsequential. However, the forecast is for unsettled conditions, and with the corn maturing rather slowly as much of it is quite wet, it remains to be seen whether we are going to deal with much higher moisture corn than is ordinarily the case. This could, of course, be a bearish factor if a good dealof the corn is sold and cannot be held for the loan. Today, however, corn was higher for a time, while other grains and beans finally closed lower. There was no particular news in wheat, except that Poland bought two cargoes of mixed wheat and India bought five cargoes, out on the Pacific Coast for November-December shipment. There were hardly any hedges covered in the pit. Possibly some of yesterday's buying was in anticipation of this business.

The CCC sold exporters rather small quantities of corn, and the cash basis for corn was firm. Beans traveled over a rather nervous course, and were firm at times, but finally sagged as there is no general confidence yet, and about the only thing that can be said is that the movement is letting up, and there may not be much pressure, with the result that finally large amounts may go into the loan. However, the crop is so big that processors probably will take their time in buying, even though crushings may continue on a very high level. For September this year they were 22.2 million bu compared with 19.8 million bu last season. Meal stocks are lower than last month, and only about half as large as last year, but oil production is heavy, and it remains to be seen yet whether we will find adequate outlets. Flour business continued extremely light, and there was certainly no encouragment from that source. UHLMANN GRAIN CO.

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CHICAGO, 4 October 23, 1957.

In a speech last night delivered from New York City, President Eisenhower addressed the nation over radio and urged renewed trust in private enterprise. Specifically, he bade Americans to banish "morbid pessimism" over the nation's economic future. In apparent recognition of the national disquiet over business conditions and the slowness of the missile program in contrast to Soviet achievements, the President said that he would let the people know where he stood on such serious causes. Apparently this was construed in a rather bullish vein, and when the stock market opened this morning the course of the market turned about completely, the tape on several occasions ran behind the market, indicating that there had been a rush of orders to buy. In view of the fact that grains had previously been adversely affected by the slump in the value of securities, it was only logical to expect somewhat higher markets, although generally there is not too much association between security prices and grain prices except that of a sympathetic nature. Apparently a good many Wall Street operators who often trade in grains were having their own troubles, and for that reason we found very little buying interest from the East during the past week.

There was, of course, other news that influenced our markets. First of all overnight weather was again very unsettled, and there is no indication that the weather map is changing yet, so that rains are likely to continue for another few days; in fact, the 5-day forecast is also for the same unsettled conditions. For parts of the country that are semi-arid, the rains are, of course, doing a great deal of good. They should replenish subsoil moisture conditions in Texas and some of the areas west of the 100th Meridian, which for many years had been dry. On the other hand wet weather is delaying harvesting of sorghums, and according to the government weekly weather and crop report is causing some maturity and drying of corn over the eastern two-thirds of the country. This is particularly so because of below normal temperatures, all of which has its bearing on the cash corn market. We noted this morning that wet weather was bringing in a number of inquiries for corn from eastern buyers but Chicago holdings of corn were rather scarce. This is particularly true as the country is selling so little of its old corn. It was also reported that Austria had bought up to 7 cargoes corn and there was an unconfirmed rumor that Mexico would receive an allocation under P. L. 480 for the purchase of 500,000 tons corn. Austria also bought one cargo spring wheat and a cargo of No, 2 dark hard winter wheat in addition to some Manitobas. On the Pacific Coast there was a report that Japan had bought 2 cargoes western white wheat out there although this seldom has too much influence on the Chicago market, but in the long run it does reduce our surplus, and, therefore, has its effect onthe statistical situation. Poland was said to have purchased a cargo of red winter wheat via the Atlantic and 3 cargoes mixed wheat via the Gulf.

Under ordinary circumstances one would have expected a fair amount of hedges to be lifted. There was some commissinn-house buying of wheat and part of it may have been against this business, but the brokers were somewhat uncertain. In any event the general price level of all grains was higher at the start and there was also a fair amount of short-covering following the weakness which has prevailed now for the last threeor four sessions.

Primary receipts of wheat amounted to 982,000 bu which compared with 792,000 bu last week and 880,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 237,000 bu.

Markets were rather firm all during the session although at times whea reacted a little as some profit taking took place. Flour business remained very poor and even the recent break in futures did not create much incentive for new business. There was a fairly good demand for spot corn as we mentioned earlier, and the premium basis for No. 2 yellow was 3 1/4 over. As long as weather remains wet, we shall probably have fairly good demand from those who need good dry corn, and it may be sometime yet before there will be heavy arrivals from the new crop that will be of a satisfactory nature for processors, There was no special feature in beans except some short covering, and it seems that everytime the market dipped a little there was buying, but nothing of a very aggressive nature, although the wet weather, and particularly in Iowa, is retarding operation and apparently there are still quite a few beans to be harvested.

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CHICAGO, 4 October 24, 1957

American prestige went sky high when it was announced that the Navy had launched rocket Vanguard, which is expected to shoot an artificial moon into outer space. The test apparently was successful and the 72-foot projectile soared to a height of 109 miles and reported a speed of 4,250 miles an hour. The kind of race in which we find ourselves is not yet fully understood by the public, but Washington sources have claimed for some time that America's answer to Sputnik might be a rocket to the Moon, and all that was previously known was that Operation "Far-side" was being readied but vital data had been kept entirely in the hands of our scientists. All this is mentioned not merely from the standpoint of interest but because there had been a lot of hand-wringing when Russia had launched a Satellite some weeks ago; as a matter of fact, this had depressed the stock market considerably. The new Secretary of Defense also announced that the Navy had projected atomic depth charges and already had equipped some of the Atlantic Defense Forces with the new weapons.

Some of the "specialty" stocks in New York opened higher this morning as a result of all this, and our markets were also firm, but in the long run we feel that corn and beans will have to sell on their merit. We cannot yet become enthusiastic on the bull side, taking into account the big crops that have been raised. However, what has happened during the past six or seven years with respect to the corn crop during the fall months is not a criterion of what we may expect on other occasions. We can recall many years when there was not a large reserve of corn and when a wet fall made it difficult for the processors to get supplies. Much of the corn this season may have a higher moisture content than was the case during the past several years, and for the time being this may have some influence on the market. Looking farther ahead if the corn is not all suitable for storage, there may be heavier sales on the market than would be the case if we had raised a dry crop; thus pressure, while delayed, could still be an important factor later on. Under an agreement with Mexico, the purchase of 500,000 tons corn was authorized under P.L. 480, which was the largest sale ever negotiated by this country under such an agreement. Ordinarily this would have had a marked influence, but even though shipment will be made by private U.S. traders, CCC will undoubtedly supply the actual corn, which will come from its accumulated holdings.

The various state reports were mostly optimistic with respect to wheat plantings, and in Kansas, for example, work is nearing completion. For this reason it may be difficult to bull new-crop futures, and they are selling at about the widest discount under May that they have at any time, although next year's lower loan level is also an issue. Weather is probably going to clear in the Southwest, but some light rain is still likely east of the Mississippi River tonight and Friday, with temperatures rather cold. For the Northwest the prediction is for light rain mixed with snow for both tonight and Friday, and also low temperatures.

Primary receipts of wheat were 1.4 million bu which was a shade larger than last week, and compared with 1.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of 491,000 bu.

Trade was not particularly heavy and there was not too much to guide it. After the close of the market there will be a government report giving the grain stocks in various positions as of October 1st, but no big surprises are expected. The futures market in corn was rather firm reflecting strength in the spot market where buyers were paying anywhere from 4 to 5 1/2¢ over. December. There was some buying of futures by cash houses, but the volume of trade was not particularly large. According to Broomhall there have been some rains in Australia and this is bound to bring some improvement although at best their wheat crop is bound to be small. Extreme quiet prevailed in flour business and the wheat market was quite weak with little outside buying coming into the pit. However, deferred futures were firm. Beans closed lower, and with such a large crop it seems difficult to have a bull market this early in the season.

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October 25, 1957

After the close of the market yesterday, the government published a statement showing stocks of grain in all positions as of October 1st. A new high record was reached for corn and barley, while sorghum grain stocks were not far from the highest that had ever been attained. Stocks of wheat were approximately 11% less than the previous year's record holdings, but this had been fully expected owing to the fact that we had a smaller harvest last summer, and likewise, the carryover reserve had been reduced. Altogether there were no great surprises and even the carryover reserve of beans, which was given at nearly 10 million bu, was about what the trade had anticipated. Nevertheless, stocks of feed grains, taking into account corn, oats, barley, and sorghum grain, add to a total of 70.3 million tons, which is the largest of record and compares with 61.1 million tons a year earlier, and record holdings of 62.1 million tons October 1, 1955. In addition to all this, the hay tonnage at 121 million tons reached a new high and is 12% larger than last year. Pasture conditions are well above average; in fact, much better than a year ago in most areas with the exception of the upper and middle eastern states and in parts of the Northwest.

It is for these reasons, and also because of a bumper soybean crop, that we have advised our friends not to hurry into making investments in either corn or soybeans, even assuming that large quantities may go into the loan and that the market might, therefore, feel its effects later on as artificial stimulants operate. We do learn one thing, however, from the corn figures; namely, that last year's consumption had been very large and probably totaled in the neighborhood of 3,250 million bu. Had it not been for the enormous sorghum crop this year, we might have assumed that during the current crop-year the disappearance of corn might be equally great and probably almost as much as had been raised. Now, however, there is some doubt.

There were no big changes in markets at the opening except that wheat was a little firmer, while beans and feed grains opened lower. There was also some buying in new-crop wheat futures, and according to news we had from one of our friends in Kansas City, a U.S. Senator is quoted by a reliable source as saying: "There will be a strong effort in the next Congress to prevent a lowering of the wheat support price next year. After all, 1958 is an election year."

There was about 444,000 bu No. 2 yellow corn sold by CCC to exporters, also some quantities of oats, rye, and barley, but not too much attention was paid to these factors. The report yesterday that Mexico had been given a grant under P. L. 480 for a large cornpurchase in this country was the first trade to be made under this year's authorization, but we understand that other agreements with various countries, particularly on edible oils, will follow shortly, and it is thought that Spain, Italy, and LatinAmerican countries may have an interest.

There had been some rain and snow over Kansas and Nebraska during the past 24 hours and temperatures are below normal for this season. There may be some rain mixed with snow in the Southwest tonight and Saturday, but it should be mostly fair and cold over most parts of the corn belt, warming up by Sunday.

Primary receipts of wheat amounted to 947,000 bu which compared with 893,000 bu last week and 959,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 496,000 bu. We doubt whether the decrease in the visible next Monday will be as heavy as last year when it amounted to 5.8 million bu.

Trade was rather on the quiet side but there was firmness in wheat even though it was reported that there was almost complete lack of buying in the flour trade. Also export business was absent. We heard that some locals bought grains and wheat in particular on talk that there had been an alert in Syria due to planes that were said to have flown over their country. Wheat was stronger than other grains and, while the Continent had purchased a few parcels of corn, the weather seems to be getting a little better and there was some liquidation or evening up before the weekend. The spot market in corn was again very firm and eastern bids are 2 over for next week's shipment out of Chicago while the price might have been better if immediate loading were guaranteed. Beans fluctuated within a narrow range and showed little net change at the close.

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CHICAGO, 4

October 28, 1957

Most of the news over the week-end was of a political nature. Nobody can be just sure why ex-Defense Minister Zhukov was suddenly dismissed . As far as Russia was concerned, they were not hinting at the cause, although it had generally been assumed that Zhukov, who had been a great war hero, and had repelled Hitler's troops in front of Moscow and had later helped capture Berlin, had great popular appeal in his country. The general feeling is that the latest Russian action is a demotion of a man who had been friendly with our President and one who had generally been rather temperate in his views.

All this had little effect on markets here although securities were again lower and there seems to be general discouragement which, as we see it, is mostly a manisfestation of anxiety by those who are either worried or upset that business may taper off, and that people's buying habits may change as a result of the lower stock market. We heard on Friday that certain legislators might try to defer action with respect to the lower wheat loan next season. This probably had some influence on shorts in July and September wheat, as no doubt the deferred months have been influenced not only by favorable crop prospects and a big acreage, but also the likelihood that the 1958 loan would be about 22¢ lower than it is at present. This morning it was said that Secretary Benson would probably seek new authority to reduce federal price supports even further on all six of the basic crops, although his price-slashing proposal had received a cold shoulder in Congress last summer. Mr. Benson may also ask Congress to ease up all federal planting controls, but it is impossible this early to know just what may happen when Congress convenes in early January.

There had been very little grain news over the week-end. Snow, which fell mostly in the lake region around Chicago, did not visit territories tothe south or east of us. In fact, weather was rather cool and clear, and apparently it is regarded as more favorable for corn harvest, which has been delayed up to now due to high moisture.

According to government figures soybean crushings during 1956-57 totalled a record of nearly 316 millionbu, which compared with 283 million bu last year, and 249 million twoyears ago. From all we hear this year's grindings were at about high capacity and probably cannot be increased much even if the demand should exist. According to the American Soybean Association, Spain is considered likely to take more soybean oil in the coming season than was thought possible a few months earlier. The reason given is to build up stockpiling of her own olive oil while using U. S. supplies to develop a blending industry. Another factor that may come to the foreground later in the season is the short cotton crop, which might create a better demand for soybean oil although markets today were quite indifferent. While there was no important pressure from any source, there seemed to be a little discouragement, probably in sympathy with the stock market.

One of the largest export flour sales in recent years was consummated by a seaboard house, with about 40,000 long tons of flour involved for shipment to Brazil. This likewise had very little influence on wheat, which seemed to sag with other commodities,

Chicago wheat stocks decreased only 124,000 bu, still leaving 14 1/4 million bu wheat here, This is not only creating a carrying charge between Decembe and March, but is likewise lessening the premium of March over May, and the difference has narrowed about 1 1/2¢ during the past few weeks. The oat stocks went down and even with the amount afloat there is only about 3 million bu here in Chicago. Rye stocks declined to about 3 million bu but there was a big increase in beans of 916,000 bu, so that the total supply here is up to 8.3 million bu.

Markets were not terribly active. There was moderate selling in all-pits early but later recoveries took place, although in all cases there was weakness as compared with last Friday. USDA officials believe that the price of soybeans will average near the price support level during the balance of the harvesting period, which would be a few weeks ahead. Better weather brought optimism for corn that was being picked, although moisture is still high, and in some cases it makes cribbing unsafe. Hogs were lower today, which may have had a little influence on corn but we think in the main it was due to improved weather. There were several crop lows. Domestic flour business showed no improvement over the weekend and there was not much reported in export circles although we noted that an export house was a big buyer of July wheat.

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DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

October 29, 1957

There was nothing much in the overnight weather or grain news. However, many of the same factors continue. CCC sold 636,000 bu cornto exporters and since the foreign business is not reducing the private stocks, we must still depend mainly on domestic consumption for our outlets. Winnipeg wired that 240,000 bu Canadian oats were headed for Buffalo but otherwise there was little to report before the opening except that weather was mostly fair and will remain that way with somewhat higher temperatures in prospect. The U. K. bought some parcels of corn but in spite of this, prices at the beginning hovered around the lowest level of the season, and there seemed little inclinationfor anyone to take an aggressive position on the long side of the market.

The USDA stated yesterday that large exports and the retirement of land under the Soil Bank Program might cut the nation's wheat surplus about 18% from the record high of 1956, but that this reduction might only be temporary. They still cling to a figure of 400 million bu wheat that is expected to enter foreign sales, but the Department foresaw the possibility that our surplus might increase again after the 1958 crop is harvested. They now believe that less land will be retired from wheat under the Soil Bank program and are talking a figure of 1 million acres in the Northwest, which would mean a total of 5 million acres all told that would be taken out of production. They say it is possible that we might raise 20 bu per acre, or more, and thus, tentatively, the 1958 wheat crop could be from 975 million to 1,050 million bu. They also point out the possibility of our exports later dropping to smaller and more normal levels of around 300 million bu, and on that basis figure that whatever excesses develop would again move into surplus stocks, the bulk of which are stored under government price-support programs.

It is because of this situation and also a lower loan for next season that July and September wheat have been selling at such big discounts under May. There have been other thoughts injected into the picture, such as political possibility of deferring the lower support level next summer, but this is not only vague but somewhat remote if Mr. Benson remains in office as now seems likely. The Secretary has felt for many years that high and excessive loans produced grain for warehouses rather than for consumptive needs, and that if prices are continually supported substantially above a level where producers and consumers would set them by bargaining together in the marketplace, difficulties are multiplied. Moreover, the reduction of surplus srocks has been achieved only through costly programs involving donations and concessional sales. It is, indeed, a paradox that while our country, with its ever increasing population, worries about surpluses, there are yet many millions of the human family who are adequately nourished only at rare intervals, if at all. While only a small segment of our population is still engaged in farming, we must realize that on a world basis about 60% of all people still make their living directly from the land. Thus it is quite evident that they have not yet learned the efficiency and the technological advancement which has blest our nation. Although many people in other parts of the world still get enough food to fill their stomachs, their diets are far from adequate nutritionally. Accordingly, many lives are shortened and health is below the desired level at least partially for these reasons.

Primary receipts of wheat were a little over 1 million bu, slightly better than last week and this compared with 1.3 million last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 134,000 bu. The visible supply, which was a little late in being posted yesterday, showed a wheat shrinkage of 3 1/2 million bu, and total stocks are still very big at 344.3 million bu, but nevertheless are 42.2 million bu smaller than a year ago. The U S corn visible decreased 2 1/2 million bu, oats decreased nearly 400,000 bu, but beans increased 2 3/4 million bu, now totaling nearly 17 1/2 million bu compared with 20 million a year earlier.

Markets were extremely dull. There was some pressure early, but about mid-session Secretary of State Dulles in discussing Russia's internal problems mentioned that because of these we must be on the alert. The rally that followed was not terribly significant; in fact, corn hardly moved, as it is generally felt that we are on the eve of a movement. Corn picking is continuing now in a big way. The moisture content of corn is still mostly too high for safe cribbing in the main belt, according to the weekly government grain report, and corn harvest in Iowa is only 10 to 15% completed vs 80% last year. In Illinois, 25% has been harvested against a normal of 67%. Beans were a little higher, but there was not much feature to that market, and it went up on small buying orders and lack of pressure. Rye was quite firm again.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 30, 1957.

Last season was a particularly large one for world shipments, which reached a record high of 1,283 million bu. This compared with only 879 million bu in 1953 - 54. Of course, there were a good many reasons for the increase: First of all, crops in Europe were small, and particularly so inFrance, with that country having turned importer whereas traditionally they have been an exporter of wheat. Moreover, some countries were setting up a stockpile as political conditions had not been too favorable. The fact that we were able to finance a good many of the transactions on basis of foreign currencies also was a great help. As a matter of fact, our shipments last season of nearly 550 million bu, which had been the largest of record, accounted for about 43% of the world total. There is every indication that we shall not be able tomaintain that percentage. It is also likely that total world imports will decline as compared to last year; also we must bear in mind that Canada may want a larger share of world's markets, which, of course, she may get this year as conditions inAustralia are quite unsatisfactory. That country was badly hit by drought and she may raise only about one-third of a normal crop. The Chairman of the Australian Wheat Board announced that a yield of between 60 to 70 million bu is expected, which would compare with an average yield of 178 million bu in recent times. With the carryover from last season there should be in the neighborhood of 95 million bu available for markets.

Before our market opened this morning, we had some information obtained from The Southwestern Miller that the tie-up of 1957 wheat under price support loans through September 30th was estimated by the Department of Agriculture at 112 million bu, which was an increase of somewhat more than 14 million bu fromSeptember 16th and compared with 164.4 million a year ago. As we analyze this in conjunction with the disappearance of 600 million bu domestic, and possibly 250 million for export out of free stocks, it adds up to 962 million bu, whereas we raised only 927 million bu. Thus it can be seen that because of the artificial factors we might have an unnatural situation before the end of the crop year. For that reason we feel that purchases of wheat made on setbacks will prove profitable. On the other hand new crop positions will be more influenced by the possibility of another billion-bushel wheat crop next summer, and because of that they could remain independently weak.

According to Broomhall, European crop conditions are favorable. Plowing and planting are well advanced, and optimism is expressed with a prospect of good wheat acreages. Weather in France has been ideal for both seeding and germination and reports continue to emphasize the very good quality of this year's production, while the export market recently has been quite active. Weather was mild in Germany with occasional rains but early sowingshave developed rapidly.

Late yesterday there was news that Khrushchev with some of his associates had visited the Turkish Embassy, which was regarded as a little more peacelike and a gesture which apparently has lessened tension in the Mid-East.

There was not much in the five-day weather outlook. A few rains up to 1/4 inch might fall over the corn belt but it should be mostly clear Southwest. CCC selling of corn to exporters declined to 390,000 bu, but there was also 220,000 bu milo sold at the Gulf.

Primary receipts of wheat were somewhat over the million-bushel mark, which is slightly more than both last week and last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 296,000 bu.

Markets were about as dull as they have been in some time, but there was firmness in wheat at times, probably some buying coming into the pit because of theheavy impoundings during the past two weeks, showing an average of nearly 1,000,000 bu per day going into the price support program. The close, however, was little changed but the deferred months were down. There were new-crop lows in corn early in the day, and the market did not get very much above these levels, although there was a small rally at mid-session when pressure subsided. Weather is considered satisfactory for gathering of the crop. Commercial business was rather quiet all around, and flour business was near a standstill, but some bakers probably will have to make purchases before the year-end, but this is all calculated in the domestic consumption and is not having much influence on the price level. It is still too wet in Texas to gather sorghum grains, and we need a period of dry weather, which is something rather unusual for that state. In Iowa, only slight progress was made during the week in combining of beans, and about 65% of the state's acreage has now been harvested. The market was moderately lower.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 31, 1957

There was not a great deal of grain or weather news overnight. Hardly any rain was experienced, and it will probably remain fair in the corn belt except possibly a few showers inthe extreme eastern portions by afternoon or night. For the Southwest clear skies are indicated with little change in temperature, All this is favorable for gathering of corn, and as a result most of the opinions around here lean to the bearish side, About the only other news overnight was that the U.S. and Poland will probably open new talks shortly as Poland is interested in acquiring additional food supplies from us. They have already initiated some discussions with the State Department. Earlier in the year we had an agreement to supply about $95 million worth of surplus wheat, cotton, and other commodities to them, and the Poles at that time had hoped to get about three times as much aid from us.

We are hearing very little in the way of new export business but somehow shipments are keeping up at a rather good clip, and according to Broomhall 5 3/4 million bu wheat was cleared last week, which brings the total for the season to 121 1/2 million bu compared with 156 million a year ago. Our exports of corn are also very sizeable, and according to the government's pamphlet, THE FEED SITUATION, there was a sharp increase in the season just closed. Exports of grain alone totaled about 162 million bu, but when the other products are included total exports will amount to about 180 million bu, which is the largest quantity we have shipped since the turn of the century. Much of the increase over recent years was due to sales and donations from CCC stocks, and it is thought that two-thirds of the total came from that source. From a market point of view, it likewise does not have too much influence, as almost every day CCC sells exporters large quantities. Shipments are apt to continue heavy during the current crop season, and will probably be quite similar to shipments of the year earlier. Overnight CCC sold exporters 601,000 bu two yellow corn track Atlantic. There were no bids at either gulf or Laredo, probably for the reason that there is congestion at New Orleans, and we are told that there are 20 steamers, or possibly more, waiting to be loaded.

The Santa Fe crop report was optimistic, but, of course, it could not have been otherwise. They spoke of rains in Kansas late in September and early October that provided as near ideal conditions for the seeding of wheat as have prevailed in many years. In Oklahoma the State has had beneficial moisture during October, although a few spots were by-passed by earlier rains. On the whole, however, this has all resulted in extremely favorable conditions for the planting of wheat, rye, and winter oats. In Texas moisture brought about one of the most favorable conditions for the planting of wheat, with virtually all acreage up to a good stand and making excellent growth. In one or two other states the situation was equally good. All this divorces pretty much new crop wheat futures from the old. When the December report is issued the government will undoubtedly show a large sown acreage. As time goes on we shall also face rather large impoundings of the old crop, which could give us an artificial situation later on. Thus in making calculations there are two distinct elements tobe considered.

Primary receipts of wheat were smaller today and amounted to 829,000 bu, which compared with nearly 1 1/2 million bu last week, and 1.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 469,000 bu.

Today was the first day of tenders on November bean contracts, and about 2 million bu were tendered up to mid-session. From appearances it looks as though they are going very largely into processor hands. The spread, however, between November and January was at nearly the widest on the crop. Beans did very little, but were firm, as heavier tenders had been anticipated, and there seem to be very little pressure right now on the market. Corn, on the other hand, hovered right around the low of the season, and the same was true of oat futures except the December. Wheat was about the only cereal that showed a little firmness. Flour business still remains very slow. There was not much reported in export circles, but as we mentioned earlier, our clearances are still keeping up pretty well each week. Wheat seems to be attracting buyers on moderate setbacks, and no doubt impoundings will finally have more influence than at present.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 1, 1957

There was not much in either grain or weather news overnight. Some rains were reported Southwest but more will fall, and there seems to be an unsettled condition not only in that part of the country, but also, over the corn belt. This in itself would probably not have had much influence on our market. One of the leading financial papers carried a front page article intimating that Secretary Benson might be compelled to resign for political reasons. There has undoubtedly been growing discontent over the fact that billions of dollars arespent each year in an effort to support agricultural commodities, and that still accumulations are taking place, while at the same time we are losing favor with some of our friends in usurping markets, giving away many products or selling them on basis of foreign currencies which we cannot use even for the purpose of buying strategic materials. The theory has been that it was cheaper to store these currencies than to store grain, and it is costing us probably a million dollars a day for storage alone for articles that have been warehoused but are difficult to move into consumptive channels.

Nobody can tell, of course, if Mr. Benson is replaced by another man who would become secretary whether there would be any great changes in policies, but new-crop wheat futures have been selling at a tremendous discount under old. They are at practically the same discount as the loan is lower next year than at present. There has been some speculation that certain Congressional leaders, even if Benson were to remain in office, might try for a change, but with this morning's news that a replacement was likely, there seemed to be a little buying of July and September wheat, while the nearby futures, representing old crop were not much changed.

Mr. Benson has steadfastly opposed the domestic parity program for wheat, claiming that it "made the farmer dependent for part of his cost and all of his profits on annual appropriations from Congress". On the other hand he is not opposed to the fact that commodity prices were held above their merit, except that he complained that accumulations occurred faster when prices were held artificially too high, and for that reason he pleaded continually for lower supports. Nevertheless, the market place was used as a means of obtaining a better price for the farmer while at the same time the Agricultural Department offered subsidies to bring commodities down to the world level so that they could be exported in competition with the products of other foreign nations. In that way nobody could really tell what the intrinsic worth of wheat, cotton, and corn was at any particular time because it was completely camoflaged by parity factors and the intense desire to bring farmers a favorable rate based onthe commodities which had to be purchased. These formulae were so complicated that they were hardly understood by more than a small segment of our population. However, in supporting farm products by the use of federal funds, we undoubtedly lessened considerably the demand for wheat, and in the case of cotton we encouraged synthetics to such an extent that we may never regain markets for the southern producer that he has lost.

Primary receipts of wheat were 1,169,000 bu which compared with 947,000 bu last week and 899,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 451,000 bu. When the visible supply is posted next Monday it will compare with a decrease of 4, 8 million bu last year.

Trade today was extremely dull. There were no wide fluctuations in corn, oats, or beans. Corn futures equalled the previous lows, but rallied at the last because country selling is so retarded. A good deal of the trade consisted of changing hedges from nearby to more deferred months while speculative trade was quiet, except for some local buying toward the close. Cash corn that is moving in the country still carries a lot of moisture. Milling business was extremely quiet following an overnight advance in cost. Wheat futures were finally not greatly changed from the day before as far as the old crop positions were concerned, except that the spread between December and March widened considerably however, new crop wheat was higher and we think this was due almost entirely to the possibility of a change in Washington which we mentioned above.

Trading will start November 4th in September corn and September oats and the new differentials will apply which were voted by the membership yesterday.

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CHICAGO, 4 November 4, 1957

There had been a good deal of rain over the week-end. They reported rather general precipitation in the Southwest, which was not heavy everywhere, but at least it covered a lot of territory. There were also rains over the corn belt, which were not wanted, and we are beginning to hear some complaints that it will take a long time for corn in the field to dry out or even for corn in the crib to come to a satisfactory moisture level for safekeeping. There had also been an article in yesterday's Minneapolis Tribune to the same effect, claiming that weather had been interfering with bean harvest and corn-picking over most of the state of Minnesota. Apparently it was just too wet with rains on and off for the past ten days in the western part of the state, all resulting in increased moisture content of beans. They said in addition to the problem of high moisture had been the absence of a good killing frost over much of the state, particularly in the South. Without such a frost moisture seems to be travelling up the corn stalks and into the ear, all of which is unfavorable.

It was quite natural that under circumstances of this kind there should be some hesitancy on part of shorts, particularly those who had been trading in the corn and bean markets lately. Furthermore, we have had declines for some time, and today's reaction was not at all surprising. There was also more tension in the relations between Egypt and its former ally, Jordan. It seems that the Egyptian radio called King Hussein a "traitor", this blast following reports in the Egyptian press that Jordan and Israel were negotiating a peace treaty. However, the Israeli government termed this " complete nonsense".

After the wheat market had climbed considerably, news came from Canada that she had embarked on a wheat give-away program of her own. The Canadian government has complained that the U.S. program for the disposal of surplus farm products is in violation of the general agreement on tariffs and trade and is disrupting Canada's normal markets. Yesterday Prime Minister John Diefenbaker announced that arrangements had been made with India to supply that country with $7 million worth of wheat under the Colombo Plan. Apparently this is an agreement among members of the British Commonwealth to aid the underdeveloped countries of Southern Asia.

According to Broomhall there has been improvement in the Argentine moisture situation, with good rains received over all the principal grain producing areas except for Northern Cordoba. This precipitation which occurred during the past few weeks has been very timely following a protracted dry spell and growing crops are making better progress. He also claims that most observers are of the opinion that the outlook for wheat is better than the slightly more than 200 million bu that had been privately indicated around the middle of October, but on the other hand the crop will probably not reach last year's outturn of 261 million bu. Australian crop advices paint a rather confusing picture, but in general verify the serious effects of the recent sustained drought. Deterioration has been checked by rains in some sections, but only a crop of 60 to 100 million bu seems to be in prospect. Harvest will probably get under way before long.

Chicago wheat stocks declined only 105,000 bu during the week, and are still 14.1 million bu, which is sizable considering the small crop of red winter wheat that we grew, and generally smaller returns in the surrounding areas. There was actually an increase of 52,000 bu in the afloat stocks. The local corn stock declined to 18 million bu, and the bean stock increased nearly 700,000 bu, totaling 10 million bu.

Trade was a little better than it had been on Friday. There was some buying here on a private estimate that as of October 15th there were 149 million bu of wheat impounded. If the government confirms this figure it could easily give us an artificial situation later on as impoundings of that size, plus 850 million bu of wheat that we think will be consumed at home and exports out of free stocks would account for more wheat than was actually grown. Best prices did not hold, as flour business was almost a blank, and the Canadian news that we mentioned earlier probably had some influence as it brings up the question as to whether our exports will continue as heavy proportionately for the balance of the season as they have been up to now. Corn and beans held pretty well, and there is a little caution being exercised by traders until there is some improvement in weather. The Baldwin Elevator report was not as pessimistic as some of the other comments and possibly this was a factor in tempering bullish enthusiasm.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 5, 1957

Farm prosperity is generally measured by net farm income, which is quite natural, just as in other lines "take home" pay is regarded as an important item in a person's buying power. Nevertheless, it should be considered thatthe financial status of the farmer is extremely favorable and that farm assets on the first of this year had risen to a new record value of $177 billion. These assets comprise financial holdings, automobiles, as well as household goods, farm land, buildings, livestock, tractors, etc., including all the machinery and stored crops, except those owned by Commodity Credit Corporation. On the liability side of the statement is the farmer's debt, which at the same date amounted to $19.5 billion. This was not a wholly accurate figure because the debt consisted of loans for price support and storage purposes that were made or guaranteed by CCC and could easily be paid off if the grain or commodity were sold.

It is interesting to note that the market value of farm real estate, which included land and buildings, reached a new record high on March 1, 1957 of $109.5 billion. This was an increase of $6.8 billion, or 7% higher than a year earlier. Buildings alone were estimated to have a worth of $24.6 billion. The value of farm machinery and motor vehicles reached a record high of $17 billion, which was an increase of 3% above the previous record. Furniture and appliances in farm households were valued at $12 billion, also up somewhat from the year before. As for liquid financial assets, farmers had bank deposits, currency, and U.S. Savings Bonds with an estimated value of $15.2 billion. These items account for the bulk of the financial assets held by farmers. The cash value of life insurance policies and corporate securities owned by some farmers may be substantial, but farmers' holdings of such assets are believed to be relatively less important than holdings of non-farmers. The strongest force within agriculture that has contributed to higher prices for farm land is the rapid rate of adoption of new technology in recent years. Many thousands of commercial farmers have found that larger acreages of land are needed to make more efficient use of the labor and machinery they now have or would like to buy. The cutback in crop acreage as a result of the acreage allotment and price support programs also has given farmers the incentive to acquire additional land with allotments. Consequently, they have continued to bid actively for the limited acreage of land that is for sale.

There was not too much overnight news. Weather Southwest continues to be unsettled, and this makes it difficult to bring in the sorghum crop, particularly in Texas, where a big crop was raised. It should be clear over the corn belt and dry weather is needed because of high moisture content of the corn. Overnight CCC sold 170,000 bu corn, track New Orleans and at Laredo but there were no bids at the Atlantic.

Broomhall commented on Argentine conditions. General crop news seem favorable but a smaller wheat crop than last year is expected as the planted acreage was 10% down, and there has also been some damage from frost and drought.

Primary receipts of wheat amounted to 1.3 million bu which compared with a little over 1 million bu last week and a holiday last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 129,000 bu.

It was a rather quiet trading day probably for the reason that there was nothing new or exciting in the foreign field. Moreover, the stock market in N.Y. was closed, although cotton was open. Weather over the cotton belt was wet and unfavorable, which probably gave traders some incentive to buy oils, which in turn had some influence on beans. The flax market at Winnipeg was also higher. Wheat was quite indifferent but fluctuated without much trend ineither direction. There was a little more inquiry for southwestern hard winter flour, and export inquiry was said to be slightly improved, but it was mostly of small volume. Corn was completely indifferent and trade in that cereal was extremely light. One of our good friends downstate wired us that farmers will start picking corn the moment they can get into the fields, and he looked for corn to move as elevators would be unwilling to store high moisture corn, and he doubted if it would be well to crib it. Moreover, wet corn takes up a little morespace and fills up faster than when it is dry. Under the circumstances, the corn market finally may have to absorb much larger quantities with resultant smaller amounts going under support.

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CHICAGO MERCANTILE EX.

November 6, 1957

Before our market opened this morning, New York securities were considerably higher, and we believe that this was largely due to a statement attributed to Communist Party Boss Khrushchev, who called again for a high-level East-West meeting to seek an end to world tensions. He told the Supreme Soviet Council that policies from a position of strength must be abandoned and commenting on western anxieties that Sputnik may mean increased Soviet military power, he pledged:"We hereby solemnly declare that our people have never intended nor will they plan to attack anybody with any means of destruction so long as the Soviet Union is not attacked by an Imperialist power."

Our grains and commodities were not so much affected by this news as they were by improved flour business overnight, and a higher oil market, which in turn had its effect on beans. The weather is still not satisfactory from many points of view. There has been considerable rain and snow over Oklahoma and Kansas, as well as portions of Texas. This is delaying the gathering of sorghums, and if continued for long might even affect quality and quantity of that crop. For the corn belt, however, clearing conditions are setting in, but the moisture content of corn is extremely high and this threatens the keeping quality of corn, which undoubtedly will cause larger quantities to be marketed, and, therefore, less will probably go under support. This being the case corn was not particularly strong even though there has been a long delay in gathering the crop.

According to Broomhall, rains have fallen in a number of dry areas of Australia and some observers are less pessimistic regarding the potential wheat outturn, but others still stress the heavy losses which occurred before the recent rains. In any event it looks as though a poor crop, at best, could be expected. In Argentina, much of the country was visited by favorable rains, which improved wheat and also soil for corn planting and germination. In Europe, conditions are spotty. Weather has been mild in France, with only occasional rain but, nevertheless, seeding has made good headway. Some observers feel that the present ideal conditions are preventing material wheat acreage reductions, which had generally been anticipated earlier due to the reduced price granted by the government. According to one of the trade services, there had been substantial quantities of soybean oil purchased in recent weeks for the account of exporters in anticipation of the buying by Spain. In all probability they have sufficient supplies to take care of the largest portion of the nearby purchases of that country, which are estimated to be approximately 25,000 metric tons. This may explain some of the firmness in the oil market in recent sessions.

Despite the give-away program in wheat by Canada to India, it was rumored yesterday that a cargo of number two white wheat had been sold to India, via the Atlantic, and one cargo of Pacific Coast white wheat. Canada has, heretofore, been entirely excluded from the markets of India and Pakistan, and more recently the U.S. has invaded the Brazilian market, which at one time had taken considerabi quantities of wheat from Canada. According to advices from abroad, Canada is particularly irked by the loss of these markets, and also by business which we have done with Poland on terms that they considered not strictly commercial. The U.S.-Polish business even threatened trade that Canada had been doing with that country, granting long-term credits.

Secretary Benson will address the Food and Agriculture Organization in Rome tomorrow afternoon. He will no doubt tell them that we have made prodigious efforts to hold down production of crops that are in surplus and may call attention to the fact that U.S. wheat acreage is 33 million acres below the post-World War II peak of 76 million acres in 1949. In the past he has always stressed that our programs were intended to avoid price-depressing effects on world markets through an orderly movement of commodities, but no doubt this will be regarded as a most controversial issue by many of our competitors. He may counter by claiming that we are expanding consumption in our domestic market to a point that we consume over 90% of our total production.

Statistics were of no importance, primary receipts of wheat running around a million bu while stocks at Kansas City and Minneapolis so far this week decreased 290,000 bu.

Early advances did not hold as there was some profit taking in wheat and in beans. Corn was actually lower, and we may be faced with a far different situation insofar as farmers' marketings are concerned than we have witnessed in many years, all due to the wet content of the kernel.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

November 7, 1957

Farming conditions have vastly changed during the last 100 years. In 1850, 70% of our people lived on farms, while today the farm population represents about 12% of the nation's total population, which compares with 16.6% as recently as 1950. Since 1910, there has been a big movement from farms into cities. At that time the population of this country amounted to only 92 million persons, and there were 32 million of them on farms, but according to the last count, which was on April 30th of this year, the farm population had declined to 20.4 million persons, whichcompared with 22.3 million a year earlier, and reflected one of the largest annual declines on record. The shift from farm to cityillustrates the continued rise in productivity of farm workers as mechanical and electrical power is applied to more and more jobs. Other technological advances also boosted farm output per man-hour, and helped to reduce the number of persons required to provide the nation's agricultural products. There is, however, another factor: namely, that the rapid shifts in population are heavily dependent also on job opportunities. The strong demand for workers in non-farm jobs has played an important role in the decline in farm population. The trend during the past year, which we just mentioned, was spurred also by the retirement of older farm people who have become eligible for social security benefits.

Secretary Benson spoke today in Rome before an FAO Assembly. He explained to this group the technical revolution which had been taking place in the U. S. and its impact upon agricultural revolution. Production was raised 36% above prewar and this was achieved with no increase in cultivated land, but with 30% less labor. It was a story of production per man-hour, being almost doubled in less than two decades, while the end is not yet in sight. He explained that Congress had enacted the Agricultural Trade Development and Assistance Act in 1954, sometimes called P. L. 480. Under this law we have been able to move substantial quantities of agricultural commodities into consumption around the world--$3 billion worth. While Mr. Benson was in Europe, the Department at home was planning to ask Congress to authorize disposal of another $1 to $2 billion worth of surplus farm goods abroad. The exact amount sought is still under discussion. The officials disclosed that the administration has decided to seek only a one-year extension of the program to June 30, 1959. Almost all of the $3 billion previously authorized has already been disposed of and Department officials expect to get rid of another $1 billion by June 30th.

Primary receipts of wheat amounted to 1,133,000 bu which compare with 839,000 bu last week, and 1,542,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 426,000 bu.

Weather was still very unsettled. It seems that we are having a period when rain is almost incessant in the Southwest, while over the Corn Belt it is turning wet again. This, of course, aggravates the situation in corn where there is insufficient dry weather to lower the moisture content of the crop. Thus, the keeping quality is very much in danger. There was some flour business, and apparently one large chain baker is completing a purchase of hard winters for 60 days additional supplies through March. Some hedge lifting was noted in the pit, but on the whole it was obtained rather easily without having much influence on the market. Offerings were furnished by local traders. Spot corn for old crop sold at 1¢ over, and new ranged from 1/2¢ under to as much as 2¢ over, according to moisture, less the scale discounts.

The U. S. turned down Soviet Khrushchev's call for an East-West summit conference to settle world problems. The State Department said that such a conference would be desirable only if there were reasonable grounds for expecting beneficial results. It was also made clear that our government would not agree to an exclusive Rissian-American deal.

Trade on the whole was very light in all pits. Beans were a little firmer on possible P L 480 business. Corn was quite indifferent, and no marked trend, but the close was lower. Tomorrow there will be a government report on cotton, which probably will be on the bullish side due to bad weather. The average guess is that the crop will be considerably less than 12 million bales. This might have a little effect on beans, although part of it has already been discounted.

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CHICAGO, 4 November 8, 1957

Seventy-four nations were represented at a Plenary Conference of the United Nations Food and Agriculture Organization at Rome. Misgivings were voiced over the methods adopted by "some governments" to sell, barter, or give away agricultural surpluses. Complaints came mostly from delegates of Canada, Australia, New Zealand, and one or two other countries. The U.S. was not mentioned by name but rather by inference. Some of these attacks were answered by Secretary Benson that in our effort to get rid of excess stocks we had aimed to avoid depressing prices or in any way disrupting world markets. Nevertheless, while he spoke there were requests at home for additional money under P.L. 480 to expedite foreign sales for another year, and it is thought appropriations of $1 to $2 billion will be asked.

The Canadian Minister of Agriculture announced that his government was watching with concern the mounting of stocks of wheat that have been accumulating in exporting countries, particularly in North America, and also the measures employed in surplus disposal. He stressed the fact that Canada did not oppose such generous action as donating food to under-developed countries but advocated greater selectivity to insure that such programs did not interfere with commercial marketing. Sensing some dissatisfaction, Mr. Benson answered that we will compete fairly on the world market and that we will be competitive in quality; also, that we would participate in mutually profitable international trade that gives our customers abroad continuous opportunity to earn the foreign exchange they need to buy our products. The Secretary went on to say that the U.S. had tightened programs to barter surpluses for other commodities in order to avoid interfering with normal trade. He also said that the sale of agricultural products for payment in local currencies is being done with much checking-- that we are deliberating and negotiating on each transaction to avoid possible injury to third countries. He even went so far as to say that he invited observations on individual arrangements and expressed willingness of the U.S. to talk frankly about any complaints that might arise.

Overnight weather was still wet and rains will probably continue until some time Sunday, with temperatures below the normal, but thereafter it should clear. This has already hurt the sorghum and cotton crops in Texas and in some other localities, but not much attention was paid to this factor when our market opened. Later a bullish government report on cotton was issued, which affected beans. Broomhall reported that U.S. wheat and flour exports during the week amounted to 2.2 million bu and that since July 1st, we had shipped 126 million compared with 165.3 million last year. Thus we are running about 40 million bu behind last year's schedule, which was a very large one. Clearances of corn for the week were a little under 2 1/2 million bu, and the total since October 1st has amounted to 11.8 million, which is slightly more than last year. CCC sales of corn to exporters overnight were very heavy, with nearly 1 1/2 million bu sold, also a million bu barley. In Canada the demand has slowed down and last week's wheat exports were only 1.4 millionbu, of which 951,000 was destined to the U.S. probably for winter storage. The East told of a few parcels of corn purchased by the U.K. and the Continent, while Israel bought 2 cargoes hard wheat for nearby shipment.

Primary receipts of wheat today totaled 1,190,000 bu vs 1,169,000 bu last week and 1,035,000 last year. So far this week Minneapolis and Kansas City wheat stocks decreased 544,000 bu. When the visible is posted on Monday it will compare with a decrease last year of 5,397,000 bu.

According to The Southwestern Miller flour business is back to a near standstill in all areas, even slower in the Southwest than before the heavy rush of bookings ealier this week. Buying by independents was not as wide-spread as mills had expected. In addition to what we reported earlier in this letter, Formosa bought 3 cargoes of hard wheat, and 4 cargoes White wheat, the latter out of the Pacific Coast.

There was not a great deal of activity in markets today, fluctuations were within a rather narrow range. The cotton crop estimate of 11,788,000 bales is 11.44% smaller than last year's production, and somewhat lower than the private estimate. Based on last year's cotton crushing the reduction in the crop would be equal to 12 million bu of soybeans for meal portion, and about 17 1/2 million for crude oil. Advises from the country state that the demand for beans is rather good.

It was reported that an agreement was reached with Israel to obtain $35, million worth of surplus U S farm commodities. UHLMANN GRAIN CO.

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CHICAGO, 4 November 11, 1957

Weather improved over the week-end, and the rains halted a little earlier than had been expected. To the east of us starting in the Cleveland area and extending across New York state they had anywhere from 7 to 15 inches snow. Fortunately, our territory was skipped, and thus we figure that we are probably entering into a better period for corn drying, although it will take time with all the wet weather that previously has prevailed, attendant with high relative humidity.

Corn futures were lower but beans at the start were influenced to some extent by firm prices for oil. As for wheat old-crop months opened higher and were influenced by a report issued late Friday by USDA showing that impoundings as of October 15th had risen to 153.2 million bu. This was an increase of more than 55 million bu for the month and would probably have been construed as even more bullish except that a private estimate in the meantime had prepared the trade for a big upturn. The present amount of wheat undersupport compares with nearly 198 million bu a year ago, but, of course, the 1957 wheat crop was smaller. Last season at the peak we had 253.2 million bu under loan, of which about 140 million bu was defaulted, indicating that redemptions were also quite heavy and amounted to about 113 million bu. As we look back to 1938, when the loan program first started, we find that in virtually every year except two when impoundings were very small, some wheat was redeemed. Therefore, it is fair to assume that the current season will be no exception and that finally quantities taken out of commercial supplies will not be as heavy as they will be at the peak. Nevertheless, it will undoubtedly take a rather high price level to bring about this situation, and May wheat continues to rule at a premium of about 22¢ per bu over July, which is the exact amount this year's loan is above the one expected for the 1958 crop. Unless there is some legislative change, farmers next season will have to satisfy themselves with a lower loan, which is one of the reasons that new-crop futures are under pressure. Other factors, of course, count, such as a large potential acreage and good moisture conditions. The amount of corn under loan this season is very small, but should prove no surprise as the crop was late in being gathered, and the same holds for soybeans, with only about one-fourth as many impounded this season as last. We heard this morning that several country stations had purchased more corn and undoubtedly this is the result of better weather. Some of the country houses were closed due to Veterans Day, so it was difficult to have an accurate count.

CCC sales of corn to exporters amounted to only 130,000 bu over the week-end, but for the week nearly 2 1/2 million bu was sold, which included 2.2 million for export, and 284,000 bu domestic. According to the American Soybean Association it appears reasonable to expect that from 350 to 400,000 tons fats and oils will be exported under P.L. 480 this coming marketing year, which would compare with 550,000 tons last season, and this information was received from Washington sources.

Chicago wheat stocks decreased 201,000 bu leaving nearly 14 million bu of wheat here plus a small amount afloat. Corn stocks increased to 19 million bu and oat stocks went down a little. There is a sizable increase in beans with elevator stocks now 10 1/2 million bu plus 338,000 bu in boats.

Thewheat market was rather firm throughout the day. One or two export houses seemed to have orders in to cover hedges, and this buying was sufficient to keep prices very firm despite weakness in corn and beans. Locals were probably the best sellers of beans, but there was also a Northwest broker who was on the same side. Flour business over the week-end had been exceedingly slow. This, however, often happens after some baker business is completed. The 5-day outlook for weather is good in the corn states, and corn prices are practically at the lowest level of the season. Pressure on the bean market is not particularly heavy, but at the same time processors are also slow intaking on additional supplies. It is interesting to note that of the 55 million bu increase in wheat impoundings, about 20 million bu was in Southwestern states. Four Northwestern states had an increase of 23 million bu and on the Pacific Coast there was an increase of about 11 million bu.

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CHICAGO, 4

November 12, 1957

After the close of the market today, we shall have a government report estimating corn production, soybeans, and grain sorghums, on basis of the November 1st outlook. No great changes seem likely in comparison with October predictions. One thing, however, seems certain: namely, that the huge feed supply is a major factor inthe outlook for 1958 and beyond. Feed grain production in 1957 was a record. Piled on top of this was a 47-million-ton carryover, the biggest of record. Supplies of by-product feeds are large. This year's hay crop was a record, while pastures were generally good. According to USDA, the feed grain crop exceeds probable use by about 10 million tons. The carryover on October 1, 1958 is likely to be 57 million tons, which they say is enough to assure adequate feed grain supplies in 1958-59 even if the 1958 growing season should turn out to be the poorest in half a century.

It is for these reasons that we have had declining feed prices, and the average to farmers in October for various feeds was 12%below a year earlier, and the lowest in nearly 14 1/2 years. Prices are likely to average lower, according to USDA , in 1957-58 than last year. We cannot attribute the large crops to exceptionally favorable weather. As a matter of fact, persistent drought dominated the Great Plains and forage growth was short in many sections. Last year drought and heat cut yields on some of the nation's finest land in the western corn belt. However, good crops elsewhere offset losses. This year started poorly with cool, wet weather, but has developed surprisingly well recently. It seems that in this big and varied country, weather risks to national supply are minimized by the vastness and variety of the land and the wide range of climatic effects. Modern science, technological developments, more fertilizers, insect extermination all helped to develop and make production aids more attractive to our farmers. Through research, improved farm machinery, etc., the yields per acre went up rapidly. Taking yield averages for each of the 28 major field and fruit crops with respect to proper relative importance, we came up with an index or sighting level, which taken for 1947-49 at 100 rose to 107 in 1952, to 108 in 1953, to 109 in 1954, to 119 in 1955, and to 124 in 1956. This year the October 1957 report places the year's yield index at 127, showing the great strides that we are making, and these gains have helped greatly to keep our crop production at near-record levels.

Weather remains unsettled in the Southwest but conditions have been quite fair over the corn belt and will probably remain that way except for moisture that is developing along southern sections. Overseas demand slackened this morning and Canada likewise reported an indifferent inquiry for grains. However, the Continent bought a few parcels of our corn and likewise parcels of beans, but generally speaking there was no volume. According to The Southwestern Miller, no general pick-up from here is expected until additional P. L. 480 grants are made. There are three or four countries said to be seeking large amounts of wheat from us.

Primary receipts of wheat were a little heavier and amounted to 1,285,000 bu which compared with 1,333,000 bu last week and 988,000 bu last year Kansas City and Minneapolis stocks so far this week show a total decrease of 104,000 bu.

Markets were all rather firm during the early part of the day, and as a matter of fact volume of business was rather light. Flour demand remains extremely quiet, especially in the Southwest, and this is often the case after bakers have supplied themselves on a fairly heavy scale. According to Broomhall, French wheat marketings have been exceeding earlier forecasts, which he believes is an indication that the crop turned out better than had been earlier anticipated. Mid-day weather suggested some light rain or occasional drizzle over some of the corn belt states, but this had very little influence, and as a matter of fact during the last half hour, all corn futures went into new low ground for theseason, and there seemed to be some discouragement. Beans also eased off, and there was no heavy pressure from any source, but markets seemed to lack buying power. All this had little influence on wheat, and the leading cereal held relatively well considering that the commercial demand was again quiet. New crop futures were never strong, and there seems to be a bearish sentiment with respect to the deferred months so long as moisture conditions are favorable, and surely the crop got off to a good start this fall.

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CHICAGO, 4 November 13, 1957

After the close of the market yesterday, the crop production report was released by the Department of Agriculture, and a corn estimate of 3, 333 million bu was announced. This would be an increase of 1% over October but about 7% above average, and is really a remarkable showing in view of the fact that such a small acreage had been sown. It was mentioned, however, that wet fields and high moisture condition of ears have caused a late harvest. This, of course, was generally known but they point out that artificial driers will be used to some extent to condition corn, and that the harvest in Illinois and Indiana was only one-third completed by November 1st. The soybean production indicates a bumper crop and this is due partially to the fact that we had the highest acreage of record, but besides yields were also of record proportions. The indicated yield of 22.7 bu per acre compares with 21.8 bu last year, and a ten-year average of only 20.2 bu per acre. For this crop there were also delays due to wet weather and a high proportion of late-planted soybeans slowed progress although by November 1st harvest was nearly completed in most states except that many soybeans still remain to be harvested in the major states of Minnesota, Iowa, and in the South Atlantic and South Central areas. Sorghum grain was forecast at 527 million bu, also an increase from the month before, and production compares with only 205 million bu last year. Here, again, weather has been a factor. Harvest in north Texas is well along but little grain has been combined inthe Panhandle. Three-fourths or more of the acreage in other Central States awaits dry weather before active harvest. This is quite different from an ordinary year when about 75% of the crop is usually harvested by November 1st.

There had been a fair amount of rain overnight in the Southwest, but clearing conditions should set in, although the five-day forecast suggests a small amount of rain that may occur again by the end of the week. It is becoming unsettled over the corn belt and our own weather man thinks we may have as muchas 1/2 inch over many districts, which is not helpful. In the Northwest it should be clear. CCC was a heavy seller of corn overnight and in the various positions sold exporters 2.1 million bu, including some on an FOB basis at Boston. The bulk of it, however, was either at the Atlantic or at the Gulf. While wet weather is delaying the harvest of some of our grains and is unfavorable for cotton, it has been very beneficial for pastures, and winter wheat, which has emerged from the ground, and will afford fine opportunities for grazing. Nationally, this has been a great forage year. By November 1st pasture feed condition had staged an unusually late gain over the previous month, and far excelled both the average and last year's very poor showing for this date. Western ranges are best at this seasonal point since 1942. Western cattle and sheep, living high on good grass, show the best November condition since 1945. Hay crops made good late cuttings in many sections and piled up a record total tonnage, which is well distributed and heavy in alfalfa.

Primary receipts of wheat were small and amounted to only 866,000 bu which compared with 912,000 bu last week, and 751,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 74,000 bu.

At the beginning of the session wheat prices were rather firm, and some buying of July may have been due to a statement by Senator Kerr that Secretary Benson will retire soon after returning from Europe. Later on selling of old-crop futures appeared to be of a liquidating nature, and when bean prices declined there was some sympathetic selling in wheat. However, corn held rather steady, probably due to wet weather, and there can be little doubt but that corn picking is later than usual. For Illinois it is about 62% complete whereas last year at this time it was finished early in November. There was a report that Israel refused three cargoes of beans but asked for a renewal after the close tonight. According to the American Soybean Association, they feel that this will be a year when well over 300 million bu of the 1957 crop may go into farm and elevator storage, although admittedly they say it is an estimate at best. Denmark also bought a cargo of beans but there was nothing to indicate that a very large number of hedges had been taken out of the pit. Flour business remains exceedingly quiet, and the recent strength in futures has not attracted any new interest on part of bakers. German importers have been granted additional licenses on wheat and corn.

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CHICAGO, 4 November 14, 1957

President Eisenhower spoke from Oklahoma City last night, and proposed a very considerable increase in future defense spending to meet the challenge of scientific advances by the Soviet Union. At the same time he declared that very obviously other categories of present federal activities must be cut off or deferred so that the nation's security needs could be met first. He did not specify in any way what present expenditures should be eliminated but stated rather determinedly that one of the hardest and most distasteful tasks that the coming session of Congress would face would be this job of cutting. We can well visualize of the $5 billion annually appropriated to agriculture, that large amounts could be lopped off without seriously impairing the welfare of our farmers.

Even before the President's talk we had strongly felt that any party, whether it be Republican or Democrat, should not try to take over the duties of nature in attempting to regulate the size of crops. It is certainly pure contradiction to have a high price support and expect farmers to produce less even though acreages have been cut drastically. Furthermore, the payment of large sums to growers for non-production is unhealthy, both from an economic standpoint, as well as from a world political standpoint. There can be little doubt that with abject poverty in the world and millions of hungry people, there would have been a greater demand for our surpluses if we had not held the price level artificially high. Moreover, the farmer who is getting 50% greater yields from his land is not entitled to parity income based on a bushel of grain, but rather on an acre of land. The payment of heavy export subsidies became necessary because our prices were held at too high a level over the foreign markets with which we were trying to compete. The increased wheat production from 740 million bu annually prior to World War II was expanded to over a billion bu largely because of these artificial factors, and the grower was being paid a bonus for unwanted supluses that the American people could not consume and which our government had to subsidize in order to sell. Yes, indeed, there is a big field for economy if wisdom is used in the exercise of powers to bring our agricultural programs into line with realities. One could go on almost indefinitely pointing out follies and unwise decisions of transporting grains and otheragricultural commodities from one storage point to another just to find a home for these products, while often such commodities are destined in an opposite direction from consuming centers.

Primary receipts of wheat were less than a million bu which compared with 1.1 million bu last week and 906,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 280,000 bu.

At the beginning of the session there was a fair amount of selling of new crop wheat futures and very likely the President's address last night brought to mind that with economies needed inour budget, there would be little likelihood of an increased wheat loan next summer which possibly some people had expected. In addition to this the export subsidy was reduced 10¢ per bu on shipments after June 5t This will probably make it more difficult to effect new crop sales although we did not that an exporter was a very heavy buyer of July wheat today, which was very likely responsible for the later strength in the market as shorts, who had sold early, covered. There was a fair amount of strength in corn probably due largely to the weather and that in turn created firmness in the spot market. New corn sold from 1/2 to 2¢ better basis and the recent rains have been heavy, stopping field operatio almost entirely. There was not much feature to the soybean market, but there seems to be some buying on setbacks, and there is still a short interest in Novembe beans with next Tuesday the last trading session. According to Broomhall weather co itions have been more favorable for the maturing of crops in Argentina, and corn planting also is getting along better but there are still a number of districts where the soil is too dry, particularly in the northern half of the country.

Flour business here was almost flat and there was not much encouragement from that source. Minneapolis wired us that commission merchants had reported that farm sales of wheat were increasing, and this should gradually be reflected in the receipts. By the same token it would mean that less wheat in that territory might go into the loan.

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CHICAGO, 4 November 15, 1957

Late yesterday afternoon, after all markets except those on the Pacific Coast had closed, four of the Federal R4serve Banks cut the discount rate by 1/2%. and it seems more than likely that the eight others may follow suit. This was a reversal in course and the reduction to 3% halted an upward movement which has been going on for 3 1/2 years. Since early 1955, the discount rate has been increased six times in what the Governors of the Banks claimed to be a restraint on inflationary forces. The latest and biggest of the increases came only three months ago, in August. Here lately there have been some signs of easing money, such as the downward trend of some interest rates and the decline in business borrowing from banks at a time when such borrowing normally rises. Nevertheless, yesterday's action came as a surprise, at least from point of view of timing. Apparently the majority of the Governors felt that some of the inflationary dangers had passed.

There can be little doubt that tight credit and a less favorable cash position have had some effect on business investment plans. Even before yesterday's action, however, the housing situation appeared likely to improve and housing starts in recent months have been holding steady on a seasonally adjusted basis. FHA terms have been made somewhat more liberal, and, of course, an increase in new housing generally stimulates sales of appliances and is far-reaching. Barring new developments, particularly those that might arise from the international situation, it is possible that we shall face little change one way or the other in total demands on the economy next year or in the demand for food. Nobody can foretell what federal outlays may occur in the period ahead due to stepping-up of the ballistic missile program, but in any case increased expenditures by the consumer and by State and local governments are rather generally predicted by many governmenteconomists.

There was not a great deal of grain news overnight. Rains in the corn belt were light where theyoccurred but an unsettled condition still exists, and it looks like a wet week-end, not only for the Central States, but rather widespread over the country. This is naturally delaying the gathering of beans still unharvested and much of the corn which is already very high in moisture. It will not be an easy year for the handling of corn since it is drying out so slowly and many problems will arise. Our feed grain exports should again be large as the foreign production of corn, barley, and oats combined is down about 5%, or equivalent to 11 million tons. Furthermore, demand from Western Europe will be larger than last year when much low grade wheat was fed and late rains caused increased plantings of barley on wheat acreage. A poor corn crop in Mexico and Argentina will undoubtedly increase the demand for feeds in the Western Hemisphere. USDA anticipates expanded use of the export program, which may raise total exports during the 1957-58 season. Last year we exported about 7 million short tons. These experts believe that this year our shipments may be 1 to 1 1/2 million tons greater.

Primary receipts of wheat were slightly over a million bushels which was smaller than last week but a little more than last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 535,000 bu. When the visible supply of wheat is posted next Monday it will compare with a 4 1/2 million bu decrease last year.

It is doubtful whether the early strength in grains and beans was helped much by the higher stock market. The latter in turn advanced as a result of Federal Reserve Board action. However, wet weather was a factor in corn and in beans, but best prices did not hold. Even corn did not make a favorable showing considering that the cash basis was as much as 2¢ per bu higher than yesterday. In wheat there was news that USDA had allocated Pakistan a grant of $65.4 million for the purchase of surplus commodities under PL. 480. This included 22 million bu of wheat together with some rice, dairy products and inedible tallow. On the other hand, Greece which was scheduled to buy 80,000 tons of wheat soon had postponed purchases indefinitely. Flour demand showed no pick-up and current orders are running in rather small volume. The early advance in wheat failed to hold, but there was no great pressure although some evening up prior to the week-end. New crop futures were firm for a time but trade in them was rather light. They closed lower. Higher soybean oil prices helped the bean market, but only to a limited extent.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

November 18, 1957

Owing to the fact that West Europe is so important for the importation of farm products, it is worth noting that farm productivity continues to rise in that region, but yet in recent years she has been the buyer of nearly 40% of all U.S. farm exports. Technological developments have not been confined to Western Hemisphere countries. In Europe, for example, fertilizer use has increased by almost 80% over prewar. Mechanization helped replace the laborers that have been lost to industry. Livestock, plant disease, and pests have been better controlled by new chemicals, plus government aid and international cooperation. We could continue to enumerate these improvements, but suffice it to say, total farm output in West Europe is now one-fourth above prewar.

Despite this, world trade has expanded, and wheat exports are twice the prewar level. World wheat production has gone up by leaps and bounds after a rapid recovery from the low level of the World War II period. The year 1956 brought an all-time record world wheat crop, which was 1 1/2 times the small harvest of 1945. Regardless of acreage reductions in the U.S., world wheat acreage had increased by about 28%. Besides this, however, sharply increased yields per acre also took place, so that together with improved farming methods, including better fertilizers, better cultural practices, and plentiful supplies of fertilizers, surpluses were built up, even with world population also on the increase. Thus it is that a dozen years after World War II ended, world's crops of both wheat and rice have not only recovered but together have increased by nearly one-fourth.

There have been significant changes in other directions. Canada, for example, before the war was the world's biggest wheat exporter, but now she has taken second place even though exports from that country are some 75% above prewar. The U.S. moved from fourth to first place, while Argentina and Australia are now third and fourth, but still are exporting about as much wheat as they did before the war. It should be recognized that while world wheat production increased about 50%, world population stepped up only 15%. In some countries larger supplies of other foods have meant better balanced diets and smaller per capita consumption of bread, all of which had a part in amassing supplies, particularly on the North American Continent. The situation might have been even more accentuated except for the U.S. export programs, and some also initiated by other surplus nations.

Over the week-end we had a good deal of wet weather in the Southwest, and there were heavy rains and snow over much of Iowa, which naturally had some influence on the corn and bean markets this morning. It was wet, likewise, Northwest. Before we opened oil prices were higher, undoubtedly stimulated by reports that were probably repetitious but which expressed Secretary Benson's proposed recommendations for a one-year extension of the law that permits overseas disposal of U.S. surplus farm commodities. He also said that he would ask Congress to authorize disposal of at least an additional $1 billion of surplus farm goods to foreign countries. The farm chief, who has been under much discussion, stated rather emphatically that he had no plans to resign his Cabinet post. He further stated that his farm program is economically sound and fair and is good for agriculture.

Chicago wheat stocks declined a little heavier this week, decreasing 410,000 bu, but it still leaves 18 1/2 million bu here in Chicago. There was a small increase in corn, and we would judge that there is more than 8 1/2 million bu. of free corn in this market, but stocks are building up slowly due to adverse weather. There was a good-sized increase in the local bean stock, and including the afloat supply, there is about 11 1/2 million bu here in Chicago. Wheat was rather firm for a time, but best prices did not hold in spite of the fact that other grains and beans showed a very strong undertone. The fact that there is pressure on July wheat was probably a discouraging factor for even nearby positions, and while some hedges were lifted by exporters, this had very little influence on the market. The late weather forecasts were not at all favorable, and we believe that corn and beans derived much of their strength from this factor, although there was some local buying of beans here on the strength in cottonseed oil, and final prices were at almost the best level of the day. A rough estimate by USDA operating officials now indicates that they expect as much as 50 million bu of sorghums will be of such high moisture content that they will move tomarket or be fed immediately on farms to the detriment of the corn market. The cash demand for corn was quite good, and the spot market was higher. Flour business remained very dull over the weekend, and bakery interests showed no inclination to add to their lines, so that practically all of the new sales are for current needs. UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 November 19, 1957

In these days of Sputnik , satellites, and scientific research, we may lose sight of the fact that one of the failures of Communism is to provide for the food and agricultural needs of its country. One of the great weapons in a free economy is that we find abundant production of milk, cheese, eggs, meat, and similar high energy foods. The farmersof this country are producing more than three times as much meat per capita as are the communized farmers of the Soviet Union, and 40% more milk per capita, according to the recent publication of the USDA on Foreign Agriculture. Hungary and Rumania once were famous as the world's great breadbasket, Last year, under communist domination, they had to import grain. The world's people would be hard pressed to feed themselves without the abundance of our farms. We are the world's largest exporters of farm products, and thereby contribute materially to higher living standards for the world. We furthermore have been rather generous in sharing our agricultural technology with the result that world agricultural production constantly is improving, and one of the reasonsis the gradual adoption of better techniques, better equipment, and better plants and animals.

During the present crop-year through direct sales, barter, P. L. 480, and give-away programs, we exported the equivalent of over half our production of wheat, cotton, and rye, one-third of our soybeans and tobacco, one-half of our tallow, and one-fifth of our lard. Agricultural exports in the 1956-57 season reached an all-time high level of $4.7 billion, which was 67% above the post-Korean slump of 1952 to 1953. However, in the period July through October, wheat exports were 20% lower than a year ago. During the first four months we shipped in wheat and wheat equivalent 130 million bu compared with 162 million in the corresponding period a year ago. The decrease is due almost entirely to greatly reduced exports to countries of Western Europe, where an all-time record crop was harvested this year.

During the past twnety-four hours, there have been heavy rains and snow over Iowa, Minnesota, and most of the corn ares. While temperatures have fallen, the present forecast seems to indicate clearing tonight and mostly fair tonight and Wednesday.

Winnipeg wired this morning that the oil markets overseas were somewhat firm, although still well below comparative basis with Canadian flaxseed. There was some export business done yesterday and French buying is still pending. Rye futures are having to digest more hedging pressure because of the increased delivery quota. We understand that the oilseed production in France during 1957 was up sharply from the poor harvest in 1956. The olive oil outturn from the coming crop is estimated at about double that of a year ago, but still well below the five-year average of 1950-55.

There was not a great deal of news in our markets today. There seemed to be an absence of buying on part of exporters, which was rather noticeable the past few sessions, According to The Southwestern Miller, flour business is extremely light, with bakers showing little inclination to do any replacing. The demand for wheat out of Chicago is still rather slim, and unless it picks up, deliveries in December might be probable, although we still feel that as the season progresses tightness will be felt. This being the last day for trading in November contracts, earlier there was some liquidation of November beans, but the close was strong. There were some shipping sales of corn made at 3 1/2 and 4¢ over both to the East and other destinations. So far due to inclement weather receipts of corn in Chicago have been disappointing, and some elevator interests have been changing over hedges from December to March and other months. December corn showed some firmness, but this was not reflected in other months.

Primary receipts of wheat today totaled 1,312,000 bu vs 1,285,000 bu a week ago, and 1,491,000 bu same day last year. So far this week Minneapolis and Kansas City wheat stocks show a net decrease of 261,000 bu. The visible supply of wheat showed a decrease of 3,646,000 bu, and now totals 332,544,000 bu, or 29 million bu less than the previous year. The bean visible increased, and now totals 28 million bu, or somewhat more than a year ago. The corn visible supply decreased 2,475,000 bu, leaving a total of 86 million bu.

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DAILY MARKET LETTER

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CHICAGO, 4

November 20, 1957

While Senator Humphrey has urged that the U.S. double its program for selling surplus farm products overseas for foreign currencies. Secretary of Agriculture Benson, in talks at Colorado Springs, stated that the U.S. cannot broaden wheat export markets without breaking world prices. He stated that the U.S. already is competitive in price in the world wheat market and has a good share of this, but in view of the current size of world wheat stocks, and since we are competitive in price, export markets could not immediately be broadened except by breaking world prices, which in turn would create serious international problems.

In view of the fact that budget discussions are now under way in Washington, and the fact that in certain quarters they arepushing for greater expenditures on missiles and satellites to keep the budget within reason, it might be an opportune time to have ourentire agricultural program reviewed -- a program that according to earlier remarks of the Secretary of Agriculture has not led to any solution of our farm problems. The favorable outturn of the winter wheat crop in 1957 threw the Budget Bureau's calculation on farm support out of kilter, as it is estimated that $739 million additional is required for that part of the program than originally was estimated in the 1958 budget.

With the present outlook for the corn crop, the government must spend more on corn price support or permit corn prices to drop. One problem that is facing agriculture is the enormous feed supply for the 1957-58 season. Feed grain production has exceeded total domestic consumption and exports in each of the past five years, with an annual rate of excess of about 5 million tons, or approximately 4%. While this percentage does not appear large, the cumulative effect has been to increase total stocks from 20 million tons in 1952 to 47 million tons in 1957, and with the present record crop of 140 million tons, we will undoubtedly exceed the 1957-58 disappearance by an even greater margin.

According to the U.S. Department of Agriculture farmers' production costs are substantially higher in 1957 than they were in 1956, with prices paid by farmers for goods and service used in production expected to exceed the average of 1956. While individual farm cost items vary in importance according to type of farm, many of the forces that have governed farm cost rates will continue to operate in the years ahead, such as property taxes, interest rates, while prices paid for farm machinery, motor vehicles, farm real estate, fencing materials, and some fertilizers might be expected to rise slightly.

Generally speaking fair weather prevailed the past 24 hours over the grain belts, and indications point to a continuation of same for the next 24 hours According to a report from Bloomington, Illinois, pickers were back in the fields this morning, and no doubt some progress is now being made in harvesting both corn and beans. The Illinois weekly bulletin says that about two-thirds of the corn crop is harvested and that about three-fourths is complete in the north-central counties, but less in southeastern sections. Nebraska reports that about 15% of the corn was picked last week, and probably a total of 35% to-date. Wet weather has interfered with the work. The Kansas weekly report states that very little progress was made in harvesting sorghums or corn, but that in the western part of the state seeded wheat fields and sorghum fields are providing good pasture.

There was considerable liquidation in December wheat today. One local trader was selling December and buying March on a large scale. Milling business remains dormant with a complete lack of interest on part of bakers. It was reported that Poland bought a cargo of #2 red winter wheat out of the Atlantic, otherwise did not hear of any other export business. It remains to be seen what demand there will be later for wheat out of Chicago. Cash corn premiums were fairly steady to probably a shade lower for #2 corn although the inquiry out of Chicago has lessened. In beans there was considerable selling by some interests which may have indicated additional hedging. Prices were lower across the board today, and there is a certain amount of discouragement being expressed.

Primary receipts of wheat today totaled 999,000 bu, which is about in line with last week and the previous year. So far this week Kansas City and Minneapolis stocks show a net decrease of 307,000 bu.

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CHICAGO, 4

November 21, 1957

Mr. Benson spoke yesterday before the 91st Annual Meeting of the National Grange. He opposed a two-price system where direct payments would be made to farmers, indicating that under such a plan we might have a high level of support for domestic consumption, and a much lower prop or none at all for export, which he thought in turn would tend to drive the U. S. wheat surplus into the export market. We find some inconsistencies in such thinking. First of all, he does not mention that we already have a two-price system when we subsidize shipments abroad, changing the subsidy almost daily in order to actively compete with other surplus nations. We have done this so effectively that we are now the number one ranking exporter of wheat, while before the war we were in fourth place. Already therehas been criticism from many of our competitors that we are usurping foreign markets. He maintains that a two-price program would be a long step toward a socialized agriculture and that the annual cost would exceed $10. 5 billion. Nobody to our knowledge has asked for a two-price system that would cover every agricultural commodity. In our opinion it would work well for wheat although there seems no apparent reason to try to support corn when 85% of that commodity is fed, and there is not at present a support price for hogs and cattle. There are undoubtedly a good many other commodities similarly situated, which are not now protected, and which should not receive benefits under a two-price program.

Mr. Benson does not take into account that the government is competing daily with its citizens in the handling and marketing of grain; nor does he point out that under the present support program, 60% of our agricultural products do not receive price support to any appreciable extent. The main publicity on price supports concerns basic products which contribute only 23% of our agricultural income. Altogether four commodities: namely, wheat, corn, dairy products and cotton, including cottonseed oil, account for roughly nine-tenths of the funds that are invested by the government in all of its price-support operations.

It is important to remember that more than half of the nation's 5. 5 billion farm operators either do not produce these four commodities at all, or market such small amounts that they derive very little in the way of price support benefits. Thus many farmers feel that the present program gives preferential treatment to producers of just a few commodities and not enough help to the small and diversified operators who really need assistance.

Furthermore, Mr. Benson does not takeinto account that if direct benefit payments were made to farmers, we would be taking a long step toward fighting inflation. Every 15% cut in total food-consumer expenditures would mean a saving of about $7 1/2 billion to U. S. consumers. By the same method of calculation, a 5% cut in clothing would save $1 billion. Food and clothing are the principal items affected but higher fats and oils mean higher prices for soap, paints, linoleum, etc. Higher cotton prices boost rayon, tirecord, cotton bags, curtains, drapes, upholstery, matresses, and many other items. We believe it would be difficult in spite of the USDA analysis to substantiate a figure that would be anywhere near as much as the $10. 5 billion estimate unless every item of agriculture were covered, and even this is not the case at present. No mention is made of present time hidden costs of farm support programs, which run into many billions of dollars, including administrative expenses, etc., which together with losses incurred by the government in its commodity operations, would probably greatly exceed direct government payments. It would no longer be necessary to pay out monies for retiring land, as unquestionably the farmer would grow less if he received a smaller rate for that part of the commodity which had to seek export markets. The present price support is primarily concerned with less than half the production of less than half the farms, and any comparison with another system should be made on the same basis.

The strong stock market had some influence on grains, but actually all corn futures, except December sold at a new season's low. USDA stated that soybean farm prices during most of the 1957 harvesting season would probably average near the loan level, but at the same time they figured that if estimates requirements for crushing, export, and other uses should prove substantially accurate that the soybean carryover on October 1, 1958 might be asmuch as [illegible] million bu, and that a substantial share would be in the hands of CCC. CCC sold exporters a total of about 1 3/4 million bu corn. Wheat did very little. According to Broomhall, exports for the week were 4 1/4 million bu, and a total of 146 million bu to-date is 35 million less than last year. Weather was mostly clear over the belt, and only a few light snow flurries are likely.

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CHICAGO, 4 November 22, 1957

There will continue to be a great deal of criticism against our farm programs, particularly from point of view that carryover reserves have been built up since 1952, primarily in wheat and in corn. But one thing at least is very interesting as one looks at the chart, which shows the close correlation between the loan rate and the market price of wheat from 1939 to the present time. There has been during this period a sharp increase in the loan value of wheat and a corresponding increase in the market price, but with very few exceptions has there been a great deal of variance between the two, except during the 1946-47 period when the postwar demand for wheat was so enormous, that the carryover supply in the U.S. had dropped to 100 million bu in 1946 and to 84 million bu in 1947, as the result of the very large shipments in those years and a comparatively large domestic disappearance owing the fact that feeding of wheat was also heavy during that era. Except for that brief period, there has been a close parallel between loan and market price for wheat, and it is probably for this reason that the USDA has predicted again that wheat prices to farmers are expected to average close to the support level of $2.00 in 1957-58. The average for the year earlier was $1.97, or 3¢ per bu below the support level.

Of course, the secondary consequences of such a program have already been emphasized often in these letters, and by economists throughout the country, with even the Department of Agriculture acknowledging that excessively high prices have been responsible for amassing these huge surpluses. Secretary Benson, in a speech two days ago, stated: " In the history of human civilization there has not been found a better or more efficient way of meeting the wants of mankind than through commercial markets." Unfortunately many of our markets are suffering through federal activities, and in recent years the Commodity Credit Corporation has become a competitor to almost everyone in the grain trade and is, indeed, now a threat to the continued existence of the entire agricultural marketing structure of the country. In the 1956-57 marketing year, the cost of all the various government wheat programs to stabilize wheat prices and incomes totaled $827 million, which was about one-fourth the total of $3,255 million spent on all commodities for these purposes. A large part of the total spent on wheat represented the outlay to facilitate large-scale exports. In addition to this the Soil Bank required additional funds to reduce our plantings at home. For the year ahead it is thought that total acreage which will be placed in the 1958 Acreage Reserve Program may be about 5 million acres, consisting of the 3.9 million acres of winter wheat which has already been deposited, and the rest is an allowance for spring wheat on basis of the percentage of winter wheat offered in the northwestern states.

The overnight weather was better in the corn states but there were more rains in Texas, which may further delay the drying of sorghum grain, and the weather is likewise unfavorable for cotton. CCC sold exporters 1,174,000 bu corn overnight, also 1 million bu barley, 560,000 bu oats, and 420,000 bu rye, another indication of their activity in markets.

According to Broomhall frequent thundershowers were experienced over the north and western sections of India, which further improved soil conditions for the completion of seeding. However, there are offsets, and the Argentine wheat crop is now unofficially estimated at 184 million bu compared with 261 million bu last year. Some improvement in Australia has failed to give them more than a barely mediocre outlook for the coming wheat crop. It may even be a failure crop.

Primary receipts of wheat, which were a little better than 1.1 million bu were just a shade higher than last week but compared with 1.5 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 869,000 bu. When the wheat visible supply is posted on Monday it will compare with a decrease last year of 3.6 million bu.

One broker continued selling July wheat against purchases of May, which had started on a rather heavy scale yesterday. There was also some buying of December wheat by some elevator concerns, which lent strength to the market. Weather was favorable over the corn belt, and most corn futures sold at a new low again today, but rains in the cotton territory were regarded as very unfavorable for cotton. Cottonseed oil was extremely strong, and soybean oil was also higher in Chicago, all of which influenced beans. In the Northwest they reported combining of beans was resumed in restricted areas where snow covering was light, but that elsewhere too much snow prevented farmers from getting into the fields. Rye was higher, and a good part of the buying was of a local character but there seemed to be practically no pressure.

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CHICAGO MERCANTILE EX.

November 25, 1957

Before our market opened this morning, there were reports of pretty good weather generally over the corn belt, although there was some moisture in Texas, mainly in the Fort Worth area. It seems that the cotton country has experienced a bad spell of weather, which has been affecting cottonseed oil, and this in turn is important to us as beans have shown firmness with higher oils. It Looks as though the carryover of cotton in the U. S. would decline to about 9 million bales on August 1, 1958, which would be about 5.5 million bales smaller than the record of 14.5 million in 1956. Actually, it will be the smallest supply we have had since 1953. Judging from the weather forecasts, we should have no rain over the corn belt until possibly Friday, and at that time the five-day outlook suggests that there may be 1/4 to 1/2 inch rain, but meanwhile farmers are making better progress in gathering corn and country offerings over the week-end were heavier. The situation is less optimistic Northwest where snowbound corn fields may cause serious farm loss, and according to one of the Minneapolis newspapers half the Minnesota crop is still unharvested. Farmers are not writing off fields which are still standing in a foot of snow, although they admit that losses may be heavy.

Ordinarily at this time of year, we start having firm markets in wheat owing to the fact that for tax reasons farmers often wait until after the turn of the year before selling again. That is probably thereason that the calendar date for declining wheat prices often starts around January 10th, at a time when Southern Hemisphere pressure is also on the increase. This year we may not have the usual factors, as Argentina will not raise nearly as large a crop as she did last season, while in Australia conditions are almost precarious. Government officials in Australia have announced that the prospective wheat supply will cover the country's requirements for the marketing season, beginning December 1st, and allow some exports of wheat and flour. There had been representations previously to the Commonwealth Government for imports of wheat to meet deficiencie in most seriously affected drought areas of New South Wales and Queensland. It is quite an unusual situation when wheat has to be brought to deficit areas, as it is a most expensive operation and freight costs are estimated at about $670,000. Rains in many of the dry areas recently have halted deterioration of crops but the moisture came too late to actually increase prospects materially. Pastures, however, may have been benefited to an extent that will reduce the necessity of using wheat as feed.

In Canada they are still feeling the effects of better crops in Europe and competition from the U. S. During July and August Canadian wheat and flour shipments were down 18% to 76 million bu vs. 92 million bu in grain equivalent in the same period a year ago. Official figures for September are not yet available, bu there may have been some improvement during that month, judging from Broomhall's weekly tabulation of shipments.

CCC sales of corn to exporters overnight were very heavy and amounted to about 2 1/2 million bu.

October bean crushings were 28 million bu, or virtually the same as last year, which was a little disappointing due to the fact that the current crop is so much larger. However, it is generally felt that a large quantity of beans will go into storage and at present the country is not selling on a big scale. Bean stocks in the hands of processors were 66.7 million bu vs. 78 million last season.

Chicago wheat stocks in elevators declined 466,000 bu, but the afloat wheat increased 293,000 bu, so there is still 13.3 million bu here. Corn stocks went down 619,000 bu, leaving 18.6 million bu here. Rye stocks are about 2 3/4 million bu including the amount afloat. Beans increased again, and there isnearly 11 1/2 million bu in elevators, plus 338,000 bu in boats.

Markets were not too active, but an exporter bought some July wheat on the decline, but later there was some selling of March and May for the same account, and it was difficult to tell what type of business this was against. New crop wheat futures were weak all during the sessinn. Broomhall reported that heavy rains last week in Argentina have delayed the wheat movement but have materially improved pasturage. The same authority spoke of a little more optimistic sentiment in Australia, believing that probably the outturn would be around 90 million bu vs 136 million last year, and 196 million two years ago. Corn continued weak, and many new lows were again registered, with improved weather a factor. In beans there was comparative firmness in the nearby positions and pressure on the distant months. Altogether the trade was not big.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 26, 1957

During the four-year period from 1933 through 1936, we had a major drought in this country, and during that period wheat production was just at or below domestic requirements, with the result that we were a net importer in order to take care of domestic usage. It is doubtful whether any drought would be as serious in the future without even allowing for the large reserve stocks that have been built up. We say this because of the vast irrigation projects that have taken place since that time. During the early 30's irrigated acres on farms ranged between 16 to 18 million; by 1954 they had increased to nearly 30 million, and no doubt there have been further irrigationprojects since that time. Of course, this was not all wheat land and much of it was in the western areas where traditionally less rainfall has occurred. Irrigated land in some of the western and mountain states is valued as high as comparable land in many corn belt states. In other words, the value of irrigated land is about 4.8 times the value of dry farm land.

There is naturally a reason for this. For example, on commercially family-operated cotton farms in the high plains of Texas, cotton yields averaged around 400lbs per acre on irrigated land compared with about 60 on nonirrigated land. We are not trying to imply that the country as a whole will profit without rains. Certainly natural moisture is still one of our greatest assets, as has been the case this year when our hay production was up to 121.2 million tons, which compared with 104.2 million for the ten-year average period, (1946-55). Pasture feed condition also staged an unusual late gain due to plentiful moisture, and on November 1st it stood at 82, which far excelled both the average and last year's very poor showing of 58 for this date. As a matter of fact, following the general October rains, western ranges were the best for the season in fifteen years. As a result, the condition of western cattle and sheep, living high on good grass, is the best since 1945. The feed grain total is estimated at nearly 140 million tons, topping the 1948 record by 4% and last year's total by 8%. Thus natural moisture will always be welcome, despite any irrigation projects that are developed. However, it is a great boon to agriculture that nearly 10% of our crop land now comprises artificially watered areas and no doubt large investments in farm real estate will continue.

There was fair weather reported over southwestern areas and over most of the corn belt, which should continue with the possible exception of Ohio and Minnesota, where some light rain may fall. Overnight business developed in spring wheat flour and this continued today. CCC sold exporters about 5 million bu corn, which was the largest quantity we have witnessed in a single day. The price is so cheap compared to prevailing rates that it is a great incentive for European buyers to make purchases. Undoubtedly it is affording competition to Canadian barley also. Because of this cheapness, the laws of supply and demand are functioning better, and the hog population is expanding outside of the U.S. In Western Europe pork output is expected to reach 14 billion lbs next year, which is up annually from 7.5 billion during the 1946-50 period. This will naturally cut the demand for U.S. lard. During 1956, 27% of U.S. lard was exported. Currently corn prices at about $1.40, CIF U.K., represents a 21 to 23¢ reduction from offers made by other countries.

Primary receipts of wheat were a little over 1 million bu, which was somewhat less than last week and last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 179,000 bu. The visible supply of wheat was late in being posted, and shows total stocks of 329 1/2 million bu, or 38.6 million bu less than last year. The U.S. visible of beans increased 447,000 bu to a total of 23.4 million bu vs 19 million bu last season.

The wheat market was strong being influenced by better milling business, which we mentioned earlier. There was also a report that India had purchased 7 cargoes of wheat including two cargoes from the East Coast, which later was thought to be part of CCC stocks. Corn, which had been rather depressed for a considerable period of time, seemed to have firmed a little, and judging from state reports there are still reasonably large quantities remaining in fields unharvested. The spot basis was about unchanged, and country offerings were moderately good. Fair amounts were bought along the Illinois River last night. Beans ruled about steady. There was not much news, but apparently some [illegible] are still out in the fields, particularly in Minnesota and parts of the Southeast where weather had been adverse. However, the main feature is lack of pressure.

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CHICAGO, 4 November 27, 1957

After the grain market closed yesterday, news came from the White House that the President had suffered a cerebral occlusion, and during the last twenty minutes that the stock market functioned, prices broke sharply on reports that his condition had become increasingly serious. During the later hours, it became apparent that he was making good progress toward recovery, although physicians prescribed decreased activity for a few weeks, and his trip to attend the NATO meetings was cancelled. Altogether it is not thought at this time that there is any serious impairment in carrying out his official duties, and as a result securities staged a strong comeback this morning, so that by the time our grain market opened, the President's health was not much of a factor.

There were reports of some export business to Japan, with 3 cargoes white wheat sold from the Pacific Coast and 4 cargoes Manitobas. This, however, did not take any additional hedges out of the market, although there was some more flour business overnight, and wheat futures were bought in good volume against this business.

The Agriculture Department announced that until further notice the sale of government-owned corn that was not in good condition would be confined almost wholly to export markets in order to minimize the effects on domestic grain prices. Heretofore, CCC sold much of this corn locally and it went for domestic purposes. The Department also stated that the demand for export corn was substantial, which is not at all surprising in view of the cheapness that prevails as compared to our domestic level and to competitive feed grains in other countries. Corn picking is now about three-fourths finished in Illinois, but it is the latest harvest since 1951. Weather has improved, and aside from some moisture that is indicated in the five-day outlook for southern Illinois, southern Indiana, and parts of Ohio, there should be opportunities for gathering the unharvested corn so that total losses may not be great. Nevertheless, much of the corn is of high moisture content, and it is hoped that weather will remain cool enough to prevent spoilage. In Illinois, soybean harvest has virtually been finished. We are making some surveys to find out whether the beans are going under the support program at a rapid rate. Our first answer came from the State of Illinois, which reported that 5 1/2 million bu had been impounded up to November 15th. This contrasts with 2 3/4 million for all states a month earlier. Of the total impounded, 5 million bu beans were in warehouses, which incurs heavier charges and makes redemptions more difficult. Only a small quantity of corn went into the loan in Illinois, and the reasons for this are apparent, due to the moisture. Wheat loans total only 1.6 million, which is an increase of only 70,000 bu from the month before. CCC sold exporters more than 2 1/2 million bu corn overnight in addition to a million bu milo, a million bu barley, and 400,000 bu oats. No reasons were given for Argentina's withdrawal from the wheat export market, but it seems that temporarily they are not offering grain.

Primary receipts of wheat were 906,000 bu, which was a little less than both last week and last year. Kansas City and Minneapolis stocks have decreased 392,000 bu so far this week.

Best prices for wheat were made after the opening when a considerable number of hedges were taken out of the pit against flour business, but later on there were reactions, and there was some liquidation by longs which caused weakness in old crop months, but the deferred futures were quite strong, and one house had spreading operations which may have accounted for the narrowing of the spreads to a large extent. An agency in the East reported that about 3 1/2 million bu of Russian wheat had been sold to Egypt for shipment during the next five months, and also told of a large quantity of wheat that was destined to the Continent. We had some late reports that 7 1/4 million bu of beans had gone into the loan by mid-November in Iowa, and 1 1/4 million bu in Indiana. Thus for the three states in this area; namely, Illinois, Indiana, and Iowa, there is about 14 million bu already impounded. The bean market is not paying too much attention to news of this kind, and after some buying early the market turned easier, but there was no material pressure, although we are beginning to hear that with the improved weather some of the unharvested beans in Minnesota are being brought in, and the same undoubtedly is true in other late territories. Corn was firm early, and may have been influenced by the higher hog market. There were some realizing sales in lard after an early advance. This may have caused the late selling in corn. Altogether volume of business was not particularly heavy.

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CHICAGO, 4. November 29, 1957

The American Farm Board is almost forgotten by most people today, and ismerely a matter of history. The facts surrounding it are even more obscure but it seems that in the years 1921 to 1928, our average carryover of wheat from year to year was 128 million bu. Certain legislators thought that low prices were due to these surpluses, and for that reason Congress appropriated $500 million, which presumably was a revolving fund intended to withhold certain commodities, but mainly wheat and cotton, from commercial channels. As was the case with most artificial plans, secondary consequences were ignored and the program was a failure. Each year that the Farm Board was in operation, carryover reserves increased enormously, and by 1932 had climbed to 378 million bu. This quantity was about equal the total amount of wheat which was exported from the U.S. in the combined years 1928, 1929, and 1930. It was a foregone conclusion that we were not yet ready to spend vast sums of money to continue price supports at that time, and the country was not ready to appropriate larger sums for a program that had been doomed to failure. Therefore, when Mr. Roosevelt came into office his first concern was to dispose of these stocks, but unfortunately we did not stop there. Today we have a gigantic farm program where the administrative expenses alone require the expenditure of $505 million annually. This is more than was granted for the operation of the Farm Board, and which was presumed to be a revolving fund to help wheat and cotton growers, so that they did not have to market their crops when prices were depressed.

At the present time direct payments for farmers amount to $806 million, of which the largest single expenditure is funds that are used under the Soil Bank Program for taking acreage out of production, and that plan has borne very little fruit thus far. Our most costly program at the present time is for the disposal of surplus crops, with over $2 1/2 billion spent in that area alone. The sales for foreign currencies, give-away at home and abroad, including barter deals and export subsidies require an expenditure of $1.6 billion. The handling charges, which are mainly transportation and storage account for nearly $600 million, and a single item from an official source lists other costs at $298 million. Strangely enough research programs, which were one of the functions for which the Department of Agriculture was most prominent in years past, had an expense account of only $159 million, and the gifts of surplus food to schools and needy persons, which also was much advertised, cost federal taxpayers only $260 million but yet an amount far in excess of research. Altogether the total outlay in the twelve months ending June, 1957, was slightly in excess of $5 billion. Farm relief, which started in a comparatively small way but gained momentum like a rolling snowball, finally mounted into one of the expensive projects of our modern times.

All this, of course, would not be so serious if the results had been advantageous. The head of one of the large farm organizations in this country wrote us that he found himself "really frustrated as to how certain people can persistently defend the present program-- which they do not concede that they are doing, but which they actually are doing by resisting any change in it other than a comparativel inconsequential change of simply adjusting the level at which government fixes price. I see no alternative now except for those of us that so firmly believe that we must have a substantial change in some of our farm programs-- except that we battle as vigorously as we know how to achieve that change regardless of the source of our opposition. We simply must restore the handling and marketing of farm products to private trade segment of our American structure and relieve government of this function as rapidly as possible". This is an exact quotation from the head of this important farm organization.

When the visible supply of wheat is posted on Monday it will compare wit a decrease of only 1 1/2 million bu last year. So far this week Kansas City and Minneapolis stocks have declined 467,000 bu. There was nothing much in other statistics.

Flour business was at almost a standstill and export trade was not active although Germany had bought some parcels of spring and hard winter wheat, while the Continent bought some parcels of corn and oats. Mexico also bought 60,000 tons of corn from U.S. Old crop wheat futures were firm early, but closed lower on December liquidation. There were pretty fair tenders. Corn prices improved and there was moderate buying. The weather outlook is for much lower temperatures and some scattered snows. Beans were about unchanged. We believe that when the November 15th impounding figures are issued that about 24 million bu will have gone into this year's loan vs 34.6 million last season.

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CHICAGO, 4 December 2, 1957

After the close on Friday, there were additional tenders on December wheat contracts, and altogether deliveries that were made today were over 4 million bu, which had a rather bearish effect on the market. There was heavy selling in December wheat this morning, some of which was changed over to later months. This is rather indicative of an indifferent demand, although March wheat is still ruling at a big premium over May, so that there must be traders who feel that in the months ahead there will be larger inroads made on Chicago stocks. That, of course remains to be seen. Meanwhile, many hedgers are going from December to March, apparently willing to take the chance that there will still be sufficient stocks here to prevent a tight situation. On the 17th of this month, the government will give a summary of crops but no important changes are expected in wheat production for 1957. Two days later, or on December 19th, the government will give indicated production of winter wheat and rye for 1958. It is fully expected that a high wheat yield will be indicated at that time, judging from the fine crop prospects on a comparatively big acreage. The Santa Fe report, which came out this morning, said that 1958 winter wheat had started off under almost ideal moisture conditions, with nearly all fields promising wheat pasture and excellent soil cover. Conditions in the Southwest are comparatively better than they have been in a number of years, and progress seems satisfactory in almost all producing territories.

With this in mind and a lower loan for the 1958 wheat crop, there is little encouragement to buy new-crop wheat futures at this time, although the old-crop months still have promise of improvement, not from a statistical point of view, but rather it stems from the fact that impoundings are apt to give us an artificial situation before many months pass.

In conversation with some of our friends in Iowa, particularly the central part of the state, weather has turned better and much of the late corn and beans are being brought under cover, with apparently no important losses mentioned due to the fact that harvest was late. It remains to be seen whether the government report later in the month will show any reductions in the prospective yield of beans, which on the last report showed a probable crop of 491.4 million bu. This is not only a record for all time but is a tremendous advance from crop figures that we had in the 5-year prewar period (1935 to 1939), when bean production averaged only 56.1 million bu. Thus there has been an increase in the U.S. of 435 million bu in a comparatively short time, and it is really a phenomenal growth. The bean acreage before the war was only about 3 million acres and in 1957 was given at 21,650,000 acres. This is not sofar from the world acreage before the war, which was then 29 million acres. Since that time it has increased to 55.4 million acres and world production of beans has increased 420 million bu, but actually there would have been smaller crops had it not been for the fact that U.S. production was stepped-up to such a large proportion. On the other side of the picture, of course, is world demand, which up to now has kept pace and we have been fortunate that as our crops became larger, we found sufficient uses both abroad and at home that prevented any big carryover reserves.

After the close of the market on Friday, parity figures were published, an there were slight increases of about 1¢ per bu for various commodities, but this was not much of a factor since loans for the 1957 crop have already been set. The government cut its minimum asking price for surplus beans, but having only 1.2 million bu inventory, which apparently it wishes to clean up, this was hardly a market factor. CCC sales of corn to exporters were about 1.8 million bu over the weekend. It came out this morning that Israel had bought 2 cargoes hard wheat late last week and Denmark bought a cargo of soybeans for January shipmen

Chicago wheat stocks declined only 169,000 bu, still leaving 13 1/4 million bu here, including the amount afloat. Corn stocks increased to 19.1 million bu, and there was a small increase in beans, with about 11.9 million bu in this market, including the amount in ships. Wheat was sort of a liquidating market, but undoubtedly some of the elevator interests are taking some of their receipts back. Up to noon today wheat tenders were 1 1/4 million bu, and 155,000 bu of oats.

Some buying occurred as export interests bought futures, and there was December wheat taken, and also some December purchases against sales of later months. In spite of this buying the close was lower. Corn held moderately firm, and a Chicago shipper said he was selling corn to go East at 2¢ over December without difficulty in placing it. Soybeans finally weakened, and it is claimed that conversion profits are not particularly attractive, but it may be a restraining influence on part of processors.

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CHICAGO, 4

December 3, 1957

Every agricultural program that we have adopted in thi s country since the First Farm Board Program in 1928 has been a failure. Congress passes laws trying to accomplish certain feats for the farmer, but when they are uneconomic they are doomed to failure from the start, and despite the huge sums of money that are used in an attempt to implement their success, they generally end in the same manner. No fundamental economic law is observed in all such efforts. The only fair price, whether it be for agricultural products or for any other merchandise, is the equilibrium price, which coordinates production and consumption. When normal laws of supply and demand are permitted to operate, the low price (following a large crop) increases consumption and curtails production. The high price (following a short crop) curtails consumption and stimulates production. Thus the cure for high prices is high prices; the cure for low prices is low prices. Consequently we have had one hundred years' experience on this exchange through the open, competitive market where a constant adjustment was being made, coordinating consumption to production on basis of facts and not theories. The trouble with most of our artificial programs is that we have taken into consideration mostly the supply with its underlyingcost of production, but we have forgotten the demand which can never be ignored in price matters. The cost of production alone is not a proper basis for a fair price, and this is evidenced by the fact that no two farmers have the same cost of production, and no one farmer has the same cost of production from year to year. Furthermore, it should never be overlooked that when prices are kept above their merit, we cannot force the consumers to pay such a high price represented by the high cost of production.

The administration is gradually reminded of these fundamentals, and this morning Secretary Benson served notice that he will not resign, but instead will wage a vigorous fight in 1958 for the Administration's Farm Program. He added that no final decisions had been made as to what shall be done. The Secretary denied that he was a political liability but pointed out that laws which try to set rigid farm prices and control production are not the cure. He feels that acreage allotments should be increased, provided realistic adjustments are also made with respect to price supports. It is understood that he will ask for authority to reduce support floors on major crops from the present 75% of parity to 60%. He figures that heavier planting allotments will not affect farmers' income because greater volume would offset lower prices.

Before our market opened this morning, there had been some reports of rain or snow over the corn belt, but our weather man believes that the worst is over. Nevertheless, corn was higher and we often find that when there is not an active movement from the country during November and December, we do not build up our stocks even though there may be a continued scattered movement to market during the ensuing months. CCC rejected all corn bids overnight. We take this to mean that they want the exporters to gradually raise their ideas of price, and thus the cheap offerings may have come to an end. We heard that practically all the corn offerings that had been made abroad were accepted, and also understood that they were raised anywhere from 2 to 3¢ per bu after the exporters had learned that CCC was an unwilling seller. There were reports that Formosa had purchased two cargoes soybeans: one for February and one for April shipment, which probably was an influence on the bean market.

Primary receipts of wheat were a little over 1 million bu, which was practically the same as last week and compared with nearly 2 million bu last year. Kansas City and Minneapolis stocks so far this week showed a net decrease of 40,000 bu.

Markets were all very much stronger. The main feature in wheat was the strength of December. There was both outright buying and changing over of hedges presumably by elevator interests. This also caused buying of March and May, but new-crop wheat futures are still being influenced by the fine crop outlook and the latter closed lower. Secretary Benson's statement was also a factor. Corn was influenced by the fact that the government had rejected export bids, also the damp weather. In the Northwest, there are still some beans and corn left in the fields, although elsewhere we understand they are pretty well gathered. Some round-lots of corn were sold out of Chicago to go East at 3¢ over December, and the spot basis here was quite firm. The bean market advanced on lack of offerings, and there seemed to be a little better buying power, although the volume of trade was not too impressive. Flour demand showed little change, and could only be regarded as dull, probably due to the fact that unfilled balances were quite heavy, and new

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CHICAGO, 4 December 4, 1957

Since the beginning of August to mid-November, world shipments of wheat and flour have totaled 250.5 million bu, which is a cut of about 60 million from the year before. This is due in large part to better cropsin Europe, and last year it will be remembered that France and other Continental countries suffered severe losses due to adverse conditions the winter before. As we have mentioned in our previous letters, the U.S. has come up from fourth place as a world wheat exporter to the number one position. There are really only four large exporting countries; namely, the U.S., Canada, Australia, and Argentine, and they rank in that order insofar as shipments are concerned from August 1st to the present time. All other countries have shipped only about 3 million bu, or 1% of the total; therefore, the smaller export nations are not much of a factor. Our own clearances have been 45% of the total. Canada, with a much smaller population and consuming only about 150 million bu at home, has exported 32% of the total, while Australia and Argentina have each contributed 11%. During the next twelve months our competition will not hurt Argentina and Australia to the same extent as though they had raised large crops, but we shall probably be a keencompetitor to Canada, whos carryover reserve last August was the largest in their history.

Mr. Benson set forth yesterday his resolve and his aims to help the American farmer, of which foremost was freedom to plant. He also stressed the importance of building farm markets at home and abroad, and emphasized that we should use our ability to produce abundance for the blessing it really is. Under such circumstances, we must assume that inasmuch as our domestic disappearance has hardly risen during the past twenty-five years, even with an increase in population, we must depend more and more on foreign outlets. Here, again, is proof that if we continue our methods of exporting wheat and other farm products in terms of foreign currency, we are bound tohurt some of our friends who likewise depend on foreign markets for their opportunities and relief, It is thought that the administration will ask Congress to appropriate an additional $1 1/2 billion for sales of agricultural products under P. L. 480, on top of $4 billion which has already been used for that purpose. There is one thing in Mr. Benson's seven-point program which appeals to us tremendously: namely, getting rid of every undesirable control and taking the shackles off farmers' efficiency. He points out that to do the best job possible for farmers, they must have freedom to make their own management decisions, and that he hopes to help all farmers to help themselves, especially those on smaller farms.

Weather in this country is not much of a factor but for the next few days at least the map is favorable for that portion of corn and beans still to be harvested. In Europe cold weather prevails but seeding is well advanced or completed over wide areas. Winter grains have a good appearance in most sections. For France, Broomhall tells of wheat seeding mostly completed and conditions excellent. However, there seem to be renewed indications that some acreage reductions are likely. It is cold and dry in Western Germany but otherwise farm work is nearing completion and appearance of crops seems satisfactory. The same is generally true of Italy although some dry weather has been reported, but yet winter grains have started off favorably.

Primary receipts of wheat were close to the million bu mark, which was a little more than last week but less than last year. Kansas City and Minneapolis stocks so far this week show a decrease of only 13,000 bu. The wheat market was firm but prices in Chicago are 15 to 20¢ per bu lower than they were ruling a year ago at this time. Consequently we doubt if the figures from mid-October to mid-November on redemptions will amount to much, whereas last year they were 16 million bu. One of the commission houses gave an estimate of impoundings as of November 15th, which was an increase of 20 million bu from the month early, and if borne out will show that 173 million bu is under loan. Last year at the same per the net figure was 203 million bu after allowing for redemptions, but the 1956 whe c rop was 70 million bu larger.

Corn was barely firm. The government at a somewhat higher price sold to exporters 1 million bu overnight, but there is still a fairly good demand from the East, and the spot market remained firm, which lent strength to the December future, which gained on later months. Beans were without much feature, but the country is not selling heavily. Export sales included some parcels of corn and oats. Israel and Ecuador each bought a cargo of hard winter wheat, and Japan was said to have bought 3 cargoes of white wheat via the Pacific. Some buying of futures against this wheat business was noted during the first half hour of trade.

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CHICAGO, 4 December 5, 1957

When we examine the methods of handling exports today and compare them with prewar, there is simply no similarity. In former times we had to figure that about 70% of our wheat was shipped during the first six months of the crop-season. Otherwise, we would run into competition with Southern Hemisphere countries whose crops were harvested at the end of December or during early January. Furthermore, we had one period of the year almost to ourselves: namely, July and August, which was before the period of Canadian harvests. Very often these sales for export were made during the early spring months or even before. Oftentimes exporters had sales on their books as early as February and March for shipment during July and August, which meant that there were any number of long hedges in the market, and this had quite an influence on the price of wheat, particularly when crop scares were so often rampant, so that the activity of this type of buying, plus the long position of export houses, frequently gave us bull markets that were accentuated because of these two factors.

In the past there were no give-away programs and no export allocations. Everything was sold for cash and exporters relied on vessel agents for their tonnage as few if any of the exporters had their own ships. Today much of the business is only possible because of the various government programs which either permit bartering or the sale of goods on basis of foreign currencies, or the payment of subsidies to bring wheat back to competitive levels after it had previoustly been raised artificailly to try to give the farmer a return which more closely approached parity. In times past Asiatic countries were not heavy buyers of our products except that when the rice crop in the Orient was poor and our wheat was sufficiently low they sometimes bought it via the Pacific. As we look at the comparision of this year's exports we find that over half, actually 54% of our wheat shipments so far have gone to non-European countries; 20% of wheat and flour was destined to the U. K. and 26% to Europe. All this has made heavier shipments possible from the West Caost, where previously the long haul through the Panama Canal made it too costly to ship wheat to Europe. The Pacific Coast dealers have had comparative ease in the selling of wheat due to these changed conditions, and last year, for example, prices were comparatively higher in the West than they were in other parts of the country. The government has also recognized this and in a large purchase authorization to Pakistan under P. L. 480 it was announced that 22 million bu wheat is to be shipped to that country. The government excluded western white wheat or soft white wheat originating from any Pacific Coast port. They have also eliminated durum wheat for the reason that it is still not in ample supply even though the crop was considerably larger than last season.

This announcement had very little influence on our market this morning, possibly because it is all part of a program under which the government plans on exporting 400 million bu total during the season. At the advanced price CCC had sold exporters 2.1 million bu corn overnight in various positions, and apparently even at the higher level there is a good foreign demand. Early news indicated that Israel had purchased a cargo of No. 2 hard winter wheat.

Weather is no longer an important factor. In any case most of the heavy snows were along the Atlantic Seaboard although some moisture is likely in the Southwest. According to the Oklahoma report fall-sown grains have well established stands but excessive moisture has caused some discoloration of vegetation. In Kansas there was talk of wet fields which limited the grazing of wheat and other small grains.

Primary receipts of wheat were only 853,000 bu, there was a holiday last week, and the figure last year was 1.8 million bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 185,000 bu.

Flour business is very inactive, and there was not much wheat reported sold for export, although Israel was said to have bought another cargo. The spread between May and July wheat widened again to 25¢ per bu, whereas a year ago at this time the two futures were selling at practically the same price. Of course, a lower loan next year and good wheat prospects for the 1958 crop are discouraging factors to longs. There was not much feature to the corn market, and in the main the spot basis was about unchanged, but there is an active demand. This had more influence on the December future than on the deferred months; in fact, the latter were actually lower, as many believe that with the big crop, supplies will be ample during the season, even though harvest got off to a late start. Beans dragged, and volume of trade was not big. There was a little narrowing of Jan. and March on the possibility of some export business that will take supplies either from our Chicago territory or might even cut into our accumulations.

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CHICAGO, 4

December 6, 1957

Secretary of Agriculture Benson attended a banquet at Iowa State College last evening and delivered a heart-to heart talk on agricultural matters, emphasizing the failures in our programs by saying that last year it cost this country about $3.3 billion to carry out the present farm price support and stabilization programs. Had this brought a solution to our problem it would have been a bargain, but instead the same difficulties are still with us. He felt that modern science and techniques made it virtually impossible to even think in terms of the same programs that we did 15 or 20 years ago. For example, since 1940, the per acre yield of corn on a national basis has risen 56%, wheat 40%, cotton 67%, and tobacco over 40%. Even since the period 1947-49 the average per acre yield of the major crops is now about 27% higher than it was at that time. It is obvious, therefore, that changes such as these make it virtually impossible to curtail agricultural output with the type of controls acceptable in our society. Mr. Benson does not believe that we should have price supportss set at levels which price our products out of the markets, and he does not believe in price supports which would build up unmanageable surpluses that depress prices and cost millions to store. He called attention to the fact that in the past two fiscal years, wheat and cotton accounted for more than 48% of the total cost of our price support and stabilization programs. Dairy products accounted for more than 20%, and corn for not quite 14%. Concentration of this kind is not good for agriculture as a whole. He pointed out that more than four-fifths of the price support costs go to the producers of four commodities. Putting it in another way, nearly 4/5 of the price support costs go to about 1/4 of our farms those with marketings of over $5,000 per year.

In trying to find a solution, he belittled the Domestic Parity Plan, saying that it would be too costly without solving basic problems, but his arguments did not appeal to us. He insisted that farmers must have freedom to plant, freedom to market. All this would be possible under a Domestic Parity Program for wheat. In order to have a dynamic agriculture, we cannot according to Mr. Benson place it in a price-support straight jacket. Talking largely of corn because of the area in which he spoke, he told his listeners that corn price support programs have not worked out well in the past, that marketing quotas are not feasible for corn, and that acreage allotments have not proved effective. He stressed again his seven-point program, which we mentioned in our letter two days ago, emphasizing that these were the things the Administration stood for and the principles for which he would fight as long as he remained Secretary of Agriculture.

Before our market opened, there was not too much to guide it. As a result opening prices were very little changed. Winnipeg had advised that Holland had reduced the import duty on rye, which might mean some business in that direction for Canadian rye. CCC continued selling corn to exporters, with a total of 769,000 bu disposed of at various points. There was also 300,000 bu barley and 630,000 bu oats sold. Our exports of wheat and flour during the week amounted to 3 1/4 million bu and so far this season to 158 1/2 million bu, according to Broomhall, which was only 36 million bu less than last year when for the entire crop year we set a new record high for clearances. Our corn exports for the week were a little over 2 million bu, and since October 1st, we have shipped 28.3 million bu vs 22.4 million last season. It was reported that Israel had bought a cargo of two yellow corn for January shipment and that Glasgow had purchased 3,500 tons of corn from here.

Primary receipts of wheat were a little over 1 million bu which compared with 1.4 million bu both last week and last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 290,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 4.8 million bu.

Wheat prices were stronger, and there was no particular buying but strength in the December contract, which gained on later months, brought some support into the pit, even though there was not much commercial demand. Flour business was about as dull as it has been with no new business indicated for the moment. A small quantity of wheat was sold out of Chicago to go East, all rail. There was a late flash that two cargoes of hard winter wheat had been sold to the U.K. calling for 14% protein. In corn, the December future, which had been ruling so strong, eased a little bit as the cash demand was not as keen and eastern demand was more slack. Beans were practically unchanged, and Japan bought a cargo of Manchurian beans for Feb. shipment. December rye continues very strong, and is affecting the later months also.

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CHICAGO, 4

December 9, 1957

Ordinarily at this time of year we start feeling the effects of Southern Hemisphere crops. During the last few years there has not been so much pressure from that source, and competition was lessened by virtue of the fact that under the various government programs we kept our wheat attractive to foreign users either through subsidies or by give-away programs. We understand from Broomhall that Argentina has virtually ceased offering any more wheat until supplies from their new harvest are available. As for Australia the outturn will not be a big one and they seem to have only enough to satisfy home needs, plus some of the usual neighboring islands. Had it not been for a moderate size carry-over, Australia would have been even a lesser factor this season. Rains in the Argentine have held up wheat harvest in parts of that country, but in Australia harvest is now well advanced, and reports from the latter country continue to indicate an outturn of only about 90 million bu compared with 135 million last season and 195.4 million bu two years ago. A recent estimate of the Argentine crop was for a yield of 184 million bu, which came from private sources, and if this is all they harvest it will be a small crop in comparison with the 261 million bu raised a year ago.

India is said to be short vast quantities of food grains, especially rice, and, therefore, will have to import actively during 1958 in order to prevent starvation in the drought-stricken areas, which cover a territory of about 170,000 square miles. When the term "starvation" is used loosely, it generally means that people are not getting as much food as they would like, but in India there have been millions of persons who perished, and traditionally they have yearned for nourishment even in the days when India exported wheat because of inadequate transportation throughout the country, which provided a means of getting it to the people who lacked subsistence. Canada has tremendous stocks of wheat for sale and is offering some of it even on long-term credits. This may be a factor, particularly as India's IWA import quota is exhausted and P.L. 480 authorizations are not so easy to acquire. In Europe crops are going into the winter months mostly in good condition, insofar as wheat is concerned, and acreages will probably equal or exceed last year's in a number of countries. The one exception is France, where a cut seems likely.

This morning we had a cotton estimate, with the government cutting the crop to about 11 million bales. This is one of the smallest crops we have had in a number of years. However, the cut was not as great as had been expected, although the International Cotton Advisory Committee had predicted that world cotton output this marketing year will fall to the lowest level since 1950-51. Most of the drop results from smaller production in the U.S.A. After the close of the market tonight, we expect to get a figure on wheat impoundings and chances are that somewhere between 170 to 175 million bu will be under support. This is a rather large quantity that has been taken out of commercial channels. It is more than likely that about 600 million bu will be needed for domestic usage and we estimate that at least 225 million bu wheat will be exported from the free stocks, so that these three categories account for nearly a billion bu of wheat. There could, of course, be some redemptions either now or before next May; therefore, one cannot use these compiled figures as an absolute guide. Nevertheless, with a crop of only 927 million bu wheat raised last summer, there could easily be an artificial situation that would carry prices to a point where redemptions become possible.

March wheat was higher influenced by the firmness of the December future but new crop months were weak. The Southwest markets are reporting an improved demand, which is probably due to the pending orders with Pakistan. As we mentioned on Friday, 22 million bu of wheat is involved, and we assume that a good part of this business will be done via the Gulf. Nevertheless, firmness at St. Louis and at Texas points was reported, and while probably no export business will be handled directly from Chicago, we are closer to an export basis than we have been in some time. The Chicago wheat stock declined 634,000 bu for the week, but including the amount here and afloat we still have 12.6 million bu. Corn showed a good increase, and there is 19.7 million bu here, although the greatest part belongs to the CCC. Bean stocks declined 900,000 bu, and including the amount in store and afloat we have 11 million bu here. Beans were finally lower, even though the country did not sell much, and there was some talk that Denmark was in the market for a cargo of beans for February shipment. All corn futures except December, sold at a new crop low. Trade was a little discouraged. There is cash corn coming down from the Northwest, grading #3 on minimum qualifications for all factors. Such corn could be delivered on December futures at a 4¢ discount.

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CHICAGO, 4

December 10, 1957

Our government has halted military aid to Communist Yugoslavia at the request of Tito, although we shall continue tofurnish them with about $100 million of surplus farm products annually, which will be sold to them on basis of their currency. The amounts of money that we have given Yugoslavia have never been officially disclosed, but some estimates claim that various grants have been in excess of a billion dollars. Despite this, Tito has beeninching closer to Russia, and this really should be a lesson to us that with so many countries ruled by despots, we cannot buy loyalty but rather it must be instilled.

Late yesterday the government furnished us with figures on the amount of grains and commodities that have been placed under support up to mid-November. The wheat figure was 176 million bu, or an increase of 23 million bu during the past thirty days. It compared with 219.2 million bu last year at the same time, and a final figure of 253.2 million bu. Redemptions through November 15th this year have been only 2 3/4 million bu, whereas a year ago the withdrawals had amounted to 15 3/4 million bu. Probably only wheat on the Pacific Coast washigh enough to make redemptionspossible. We have pointed out repeatedly, there has been enough wheat taken out of the commercial supply to create a tight situation as time goes on, but it may take a while owing to the fact that both our domestic usage and our exports are being employed on a monthly basis, and the full impact may not be felt until later, in spring. Should there be a heavier commercial demand, either for export or by way of flour business, this procedure might be accelerated. The other data furnished by the government was not of great importance, although there were less than 22 million bu beans impounded compared with 34.6 million last season at the same time. We could, of course, catch up, and the late harvest has had something to do with this situation. Not much corn has been impounded; in fact, the amount is rather trifling. The amount of grain sorghums impounded is 28.7 million, which is an increase of 10 million over the same period a year ago.

Much is heard about the status of the farmer, and for the second consecutive peacetime year his income will increase during 1957. Farm assets are at an all-time high, while farm debts are only 11% of assets. It should be mentioned, however, that the farmers of this country are no longer dependent solely on their agricultural income. For example, in 1956, the income of the farm population totaled about $20.1 billion, but of this amount $6.7 billion was from non-farm sources. In 1957, income both from farm and non-farm sources is expected to show moderate gains, but the proportion received from non-farm sources may well be higher in 1957 and 1958, according to the USDA. Likewise by mid-1958 it is estimated that about a half million farm families will be receiving social security and survivors' insurance payments. This may average about $1,000 per family, an annual rate of a half billion dollars.

The visible supply of wheat this week decreased 2,673,000 bu, which leaves about 523 million bu in all positions, and is 36.5 million bu less than last year. The corn visible increased 810,000 bu, and the bean stock decreased 610,000 bu, leaving 23 1/2 million bu in all positions vs 17 million last year. Kansas City and Minneapolis wheat stocks so far this week show a total decrease of 153,000 bu. The primary movement was around the million bu mark, and this is about what it has been running.

There were some wheat warehouse receipts in certain Chgo elevators th were sold at a small premium over a delivery basis, and this kept the December future rather strong, despite the fact that continual tenders are being made on contract. The spread between May and July wheat widened to nearly 26¢ per bu. Corn did a little better, and there have been some shipping sales at about 3 to 3 1/2 over, going both East and in other directions. Country selling of corn was very small in Illinois, and there was hardly any pressure today. We heard that CCC had rejected all corn bids. There was some local selling of beans because of smaller loan figures, which ran the market into stop-loss orders. They reported that Denmark had taken a cargo of soybeans for first half February shipment. Rye was somewhat reactionary today, but it has had a large advance. We still think that purchases can be made on setbacks. The government showed last night that 4.6 million bu had been impounded, which compared with only 2 million bu a year ago. The crop wasabout that much larger, but we would not be surprised to see further quantities going under the support program.

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CHICAGO, 4

December 11, 1957

An experimental step is being taken by Secretary Benson in an effort to improve the Soil Bank Program. Farmers in four states will be invited to submit bids on the land they want to put into the Conservation Reserve, but it will be up to the government to decide whether such offers are acceptable. At present farmers are offered fixed per-acre rental payments, and they cannot bargain for higher rates. This arrangement will be continued in all states, including the four where the bidding will be tried out. Experience has shown that cutting of acreage does not necessarily cut crop production. Wheat production in recent years has been down less than the cut in acreage would indicate, and in corn this same tendency has been even more pronounced. For example, the acreage planted to corn has been reduced about 7.5 million acres since 1955, but the yield per acre set new records in 1956 and 1957. Thus it was that while corn acreage this year was the smallest in more than 70 years, the crop of 3.3 billion bu was the third largest of record. Moreover, it appears as though a further increase in the corn carryover is in prospect for the close of the 1957-58 marketing year. We came into the present crop-season on October 1st with a total supply of corn of 4.7 billion bu, which was a new record, but corn was not the only feed item that was in overabundance. The total supply of feed concentrates has been increasing steadily since 1952, setting new records in each of the last three years. The favorable growing season this year resulted in record production of feed grains. Production again appears to be in excess of prospective requirements, and it is the sixth consecutive increase in carryover stocks that is in prospect for the close of the 1957-58 season. The record carryover of 48 million tons this year is more than double that of five years ago. Mounting stocks of corn under the price support programs have accounted for most of the total increase in feed grain stocks. However, more than 80% of the feed grain carryover at the beginning of this crop season was either under loan or owned by CCC, and, of course, this has made for a very artificial situation. Supplies of oats, barley, and sorghum grains also increased this year, with the quantities of barley and sorghums setting new records. The bumper 1957 sorghum crop was more than double the previous record of 1955. The supply of sorghum grain exceeds barley in total tonnage this year for the first time in history.

There is no way of knowing at the present time whether the soybean estimate of 491 million bu will be borne out when the December estimate is given. Nevertheless, it is bound to be a record-production year. One thing, however, was fortunate for growers: namely, that there was no market glut at any time due to the long harvest period and the fact that a large part of the crop went into storage, although impounding figures to-date are not particularly impressive.

According to the Illinois weekly bulletin about 12% of the state's corn acreage is still unharvested, while in Iowa corn harvest is said to be three-fourths completed as of last Monday, indicating rapid progress during the week. While much of the corn is of high moisture content, it is, nevertheless, being cribbed as weather conditions permit. Growers hope for cold, clear weather to cut spoilage. In the latter state combining of soybeans was about 90% completed. CCC rejected all corn bids even though they figured 3¢ higher, basis than previous sales. There were some transactions, however, at scattered points.

The Southwestern Miller reported that Canada seemed ready to sell wheat abroad on basis of foreign currencies but Winnipeg had heard nothing official, although when the Minister of Agriculture was questioned on the subject he said the matter might be considered if and when approached.

Statistics did not count for much as all markets went through a heavy period of liquidation. Corn took it better than any of the other grains, but wheat could not withstand all of the selling, and while it rallied a little from the low point, it still showed heavy losses for the day. Broomhall's summary of European crops was generally of a satisfactory nature. It was reported that Poland had bought a cargo of #2 red winter wheat for early January shipment, but the Pakistan business has not been put through yet, but offers from here are going out later in the day. We doubt whether Mr. Benson's added plea for lower supports had much effect on the market, as this has been his theme for some time, and much lower supports on wheat are already in effect for next year. Beans were weak, although they recovered, and on the break country selling became almost nil. With this break in the market it seems obvious that much larger quantities will go into the loan, although many farmers realize they have until end of January to take advantage of this factor. Canada is preparing for heavier credit sales on her agricultural products.

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CHICAGO, 4

December 12, 1957

Secretary Benson addressed the Annual Convention of the Farm Bureau Federation at Chicago yesterday. He admitted that government experience of the past 25 years had demonstrated clearly that agricultural production in this country cannot be successfully controlled by federal action. We have noted this so often in our market letters, and just yesterday reported again that acreage reduction had very little effect upon production under technological conditions. This seems to be particularly true of corn and cotton. For example, since 1940, the per-acre yield of corn has risen 56%, cotton 67%, and wheat 40%. As the Secretary pointed out, the technological revolution on American farms moves forward, and he adds that it cannot and should not be regimented and controlled by the dead hand of government.

Many solutions have been offered over the years, much money has been spent, but probably never as great an amount as during the past two years. Total costs of our price support stabilization activities in fiscal 1956 and 1957 were $5.2 billion. These are terrific costs to the taxpayer, particularly when it is considered that during that period net farm income amounted to only about $12 billion annually. In the past fiscal year alone, the cost of price support stabilization operations totaled $3.3 billion. Even this would not have been too excessive had it bought a solution to our farm problems, but again, as the Secretary points out, we can never solve these problems so long as we emphasize price to the virtual exclusion of other income factors. The worst of it is that the bulk of the money is being paid out in an attempt to help the so-called basic crops, which bring in a little less than 24% of farm income. All that has really happened is that the federal government has become burdened with a great hoard of farm products, which is costing farmers billions of dollars in lost income, and the government hundreds of millions to store. But what is even worse, (and this is admitted by Mr. Benson) is that all of these efforts have done little more than to set up a governmental marketing system so that today the greatest threat to the private marketing of grain and other products is the Federal Government itself.

In speaking mainly of wheat and cotton, he believes that these commodities should not be subjected immediately and fully to the unrestricted competitive forces of the free market. He said that "Twenty-five years of sheltered existence are poor conditioning for the rough-and-tumble of the marketplace." But he adds: "We should move-- we must -- gradually but clearly, away from controls on our farmers." Our exports have been pretty large-- 60% of the shipments were for cash, but most of these were under some form of subsidy, while the remaining 40% of our shipments was sold with the help of government programs, largely P. L. 480, for which we obtain foreign currency, and for which we do not have full use. It is not a very optimistic picture, and this is putting it mildly.

According to USDA soybean exports in the current crop season are expected to reach a new high of at least 90 million bu. There have been continued improved outlets not only for beans, but of the products as well, and last season about 35% of the crop was shipped abroad, which meant the equivalent of 75 million bu soybean oil, in addition to the 85 million bu shipped as soybeans. It is also pointed out that the Chinese are exporting less soybeans and other oilseeds because of limited production, and because of an apparent need to increase food supplies in China.

Primary receipts of wheat amounted to only 701,000 bu which compared with 853,000 bu last week, and 1,264,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a total decrease of 368,000 bu.

Wheat was erratic but closed higher. There was considerable curiosity on part of traders as to whether the Pakistan business had been put through. The total allocations were for 22 million bu, but it was finally learned that only two cargoes had been sold, which was rather disappointing, and after this news came out wheat prices declined for a time, although December stayed relatively strong. We are practically on a shipping basis from Chicago to the Gulf, which makes the spreads quite uncertain. New crop futures were strongest today, which was due to largely to back-spreading. Tenders on wheat contracts were smaller for tomorrow's delivery, and Chicago warehouse receipts for red wheat continue to bring a premium over a delivery basis. We heard that Israel will buy a cargo of #1 hard wheat for early January loading, and also 23,500 tons milo for shipment by late December. Corn held very well. The spot basis was quoted at least 1¢ higher on moisture corn and the country is not selling much. Traders pointed to the fact that industry buyer have orders on hand for corn to be shipped out of Chicago both to the East and down-state. Beans were strong, but oats made a crop low, although rallied late in the day.

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CHICAGO, 4

December 13, 1957

According to late figures from the Department of Agriculture, there were just under 30 million acres of cropland placed in reserve for the past summer's crops. This was intended as a direct attack on surpluses. USDA figures that more than 400 million bu grain and corresponding amounts of other commodities might have been added to the nation's surplus stockpiles to 1957 if farmers had planted crops on the land that had been held out of production under the Soil Bank. This, of course, is merely an estimate, and we presume that they took into account, or at least they should have, that farmers retired the poorest acres and kept the best under cultivation. It seems strange that with so much land retired we had the good results we did,

Attention has been called to the fact that the corn yield was the third largest of record, e had bumper crops of soybeans and sorghum grain, and even the wheat crop, with 12,785,000 acres retired gave us a fairly good final result, as the November figure indicated a yield of 927 million bu, which was a drop of only 70 million from the year before. Moreover, a year ago at this time dry weather w as very much of a factor and winter wheat got off to a poor start. In accomplishing their purpose, participating farmers were eligible for about $614 million on the 21.3 million "allotment" acres in the 1957 crop reserve. Then there were 6.5 million acres diverted from production to conservation uses under the Conservation Reserve, and total first-year payments to these farmers amounted to about $108.3 million. In addition they will continue to receive nearly $60 million in annual payments on the acreage under contract. For 1958, we have very little to judge what the future holds forth, Nearly 4 million acres of winter wheat land had been retired, which, of course, is a big reduction from last year. However, at that time farmers were more eager to get insurance money, and for that reason their activities under the Soil Bank were heightened. The Department of Agriculture forecasts that, including the 4 million retired acres of winter wheat, the total sign-up will be somewhere between 11.5 and 14.5 million acres of all eligible basic crops. Thus it can be seen that the 1958 program will be less effective than the one for 1957, although it should be remembered that the 6 1/2 million acres which are tied up under the permanent program should be added to the above figures of annual sign-ups, presently estimated between 11.5 and 14.5 million acres, and more could be added to the permanent reserve also.

Before our market opened this morning, we had reports fromthe East telling of some business with Pakistan but quantities thus far are rather disappointing. The early figure told only of one cargo sold, although there had been rumors that 5 additional cargoes had been worked, but this was not confirmed, It seems that there are two purchase authorizations for Pakistan: one for 28,000 tons must be bought by January 31st and shipped by February 28th. The other for 595,000 tons can be bought up to March 31st and shipped by June 30th. Currently Pakistan is inquiring for 111,000 tons, Israel bought a cargo of No. 2hard wheat via the Gulf.

Broomhall reported that wheat and flour shipments for the week had amounted to 3.6 million bu, and since July 1st, 164.1 million bu has cleared, which compares with 203.7 million bu a year ago. Thus there is a reduction of about 40 million bu so far. For the first six months of the crop season, it is reasonable to expect that our clearances may have reached a figure of about 175 million bu.

Primary receipts of wheat were small at 707,000 bu compared with more than 1 million bu both last week and last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 343,000 bu. When the visible supply of wheat is posted next Monday it will compare with a decrease last year of 5.3 million bu.

Markets were all a little weaker, and there seems to be little follow-up in buying. There may have been disappointment in wheat that the business to Pakistan had not been put through but exporters believe there is a chance that after the close of the market some purchases will be made, and talk was prevalent that 10 cargoes were involved. This cushioned the decline a little but did not bring in much new buying. It still remained very dull in flour circles, but this is typical of the period just before holidays. Corn and beans were slightly off, but there wa not a great deal of pressure. The CCC rejected practically all bids from exporter and Japan bought two cargoes of soybeans, but the latter had very little influence onthe market. A local house was a heavy buyer of July beans vs sale of May.

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CHICAGO, 4 December 16, 1957

In these days of discussing huge government spending on national defense, and more recently the missile program, which we know will be accelerated at large cost, legislators' attention will be focused in the next session of Congress on the agricultural program as a means of reducing the national debt and helping to balance the budget. In this light it is interesting to review the government price support program, which not only is a large item in the budget, but in many respects has been unsuccessful in its aims of balancing the supply-demand factors, and, as it has turned out has only been helpful to a small percentage of the farm population, and has also been concentrated on very few of the farm products raised in this nation. Out of 250 commodities, including cattle, hogs, sheep, poultry, etc., items from only thirteen crops are now in the government's inventory. In 1956-57, 80% of the price support program expenses were concentrated in three crops, and butter and manufactured dairy products. Nearly one-half of these expenses were incurred on two crops; namely, wheat and cotton. Consequently most farm products are being sold in the free marketplace on a competitive basis.

As we have mentioned before, the net realized cost of the government's loan program amounted to $1.9 billion in 1956 and $3 1/4 billion in 1957. These costs would be justified if they led to the solution of the farmer's problem. However, the net result has instead been gigantic surpluses, which, of course, must eventually be disposed of by the government into export channels or in the domestic free markets, which, of course, makes CCC a competitor with private trade. Thus it can be seen that the large cost of the farm support program has led to a stock build-up resulting from the old rigid price law, which remains in effect, despite its original intent as an article of legislation to support agricultural prices in times of emergency. It can also be noted that most of the money from the price support program goes to the 1.3 million large-scale farms, accounting for 79% of the farm marketings. For the 2.7 million small-scale farms, accounting for only 9% of marketings the government hand-out program averages only slightly over $100 per farm as compared to an average of $2,000 per farm for the first-mentioned group. For example, 62% of the nation's wheat producers, with less than 25 acres of wheat, accounted for less than 14% of the government's costs for fiscal 1957 as compared with 6% of the 200-acre or larger wheat-growers, who accounted for 36% of the government payments in the same period. The rigid price support program might be more logically accepted if the small-scale family type farmers were able to reap a more proportionate share of the hand-outs. However, it can be seen from these figures that a great percentage of the ones most in need of help received very little at all. The rural development program is the primary benefactor of this low-income farm group.

Last week it was announced that Pakistan might be in the market for as much as 22 million bu of our wheat. However, as far as we can gather up until this morning it now appears as though only 2 cargoes and maybe 3 had been worked to that country. As a result there has been a fair amount of liquidation in our market this morning except for the December contract, which has remained a little firm as tenders are being fairly well taken by a house with elevator interests.

The Agriculture Department mentioned that wheat and flour shipments for the period July to November were estimated at 161 million bu as compared to 195 million bu a year ago. The major reason is due greatly to the record crop harvested this year in Europe. According to Broomhall private estimates of the Argentine place that country's wheat crop at around 184 million bu as compared with 261 million bu obtained a year ago. On the other hand, Brazil's wheat harvest now in progress is expected to bring unofficially about 15% more wheat than that raised in 1956.

The weakness in the wheat market carried over somewhat to other grai Soybeans sold as much as 2¢ lower as a result of a weak oil market, which reflects a rather poor conversion ratio for processors at this time. Although the government sold almost half a million bu corn overnight to exporters, the prices are generally 4 1/2¢ higher than previous sales and the country is still not a heavy seller of that grain. Corn futures are holding a little better than other grains although still near the crop lows.

Primary receipts of wheat today were 1,609,000 bu compared with 1,825,000 bu last week and 2,471,000 bu last year.

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CHICAGO, 4

December 17, 1957

A House-Senate Economic Sub-Committee started hearings yesterday on farm problems, and this follows shortly after the Farm Bureau Convention in Chicago. What will develop from the Sub-Committee's meetings or what legislation will be proposed next year in Congress is hard to surmise, but if one reads between the lines, there is certainly a general feeling that the present programs have not succeeded, and should at least be modified in the future. Mr. Glen T. Barton of the Agricultural Department Research Division stated that increases in farm output since World War II have outrun the growth in demand for farm products. Another economist described agriculture as a "horse and wagon industry" in a modern economy, claiming too many small low-income farmers have refused to move to other lines of work.

To develop a legislative timetable, a steering committee of the National Conference of Commodity Organizations plans to meet in early January on an informal basis with House and Senate Agriculture Committees trying to put forth different proposals. One thing seems to be plain, and that is, whatever new legislation takes place should attempt to provide for a different form of program for individual commodities rather than grouping so many commodities under one act, as was done in the support price of the six basic crops. Wheat certainly should be treated differently from corn and particularly when we are now facing almost ideal conditions in the winter wheat area, and the possibility of a crop next year that may border close to a billion bushels.

According to Broomhall, action is being taken today in many spheres of world trade which may radically influence world exports of wheat and flour. There may be consideration given to the renewal of the International Wheat Agreement, which expires on July 1, 1959. There is the possibility of this country's "Reciprocal Trade Agreements"; there is the Nordic Customs Union between Norway, Denmark, and Sweden, the European Free Trade Zone, to which Britain is committed, and all in all the "free" countries of the world are being drawn closer together because of the Communist challenge, and the ultimate effect of these moves on world trade in wheat and other grains may well be dynamic. In Canada a bill was introduced last week putting guaranteed floor prices under nine basic agricultural commodities; cattle, hogs, sheep, butter, cheese, eggs, and non-prairie wheat, oats, and barley. The proposed guarantee is 80% of the average price for thepreceding three years, and the actual support price could be set higher. There is also a proposal to recommend floor prices for designated farm commodities where support is deemed needed.

The government weekly report mentions that small grains continue in good to very good condition over practically the entire country, due to generally ample soil moisture, although strong winds caused a little damage in the Great Plains with some yellow color showing up in low fields. The corn crop harvest in the Great Plains and most of the Mississippi Valley has proceded under generally fair and mild weather. Over 85% of the nation's corn has been gathered.

Primary receipts of wheat today totaled 820,000 bu which compares with 970,000 bu last week, and only 441,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 177,000 bu. The visible supply which was posted late yesterday showed a decrease for wheat of 5,267,000 bu, leaving the total visible at approximately 318 million bu. The corn visible showed a slight decrease for the week.

Flour business continues slack, but Pakistan bought three cargoes more wheat, bringing the total up to 70,000 tons or about 2 1/2 million bu. We expect further purchases to continue from the same source. There was not a great deal of news in the market this morning. This afternoon after the close of the market we will receive the government's final figures on the 1957 crop. As far as wheat is concerned there is very little difference expected from earlier estimates. There may be some decrease in beans and corn, and apparently there was some short covering in beans prior to the issuing of the report. The Agriculture Department announced today that it will relax quality requirements in its price support program on the1957 corn crop. Due to unfavorable weather officials stated that a substantial part of the crop would not have qualified for price support. Under the new regulation, corn grading #4 and 5 because of damaged kernels including heat damage, will be accepted as security for price support loans at discounts ranging from 1 to 15¢. Under the new regulation loans will be permitted on damage up to 15% and heat discount up to 3%. Corn remains in good demand.

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CHICAGO, 4

December 18, 1957

There is an old adage: "Man proposes but God disposes." Despite crop controls, quotas, and Soil Bank, in an attempt to reduce the size of our crops, nature has again been very provident. Even though growing conditions early in the season were adverse to wheat, and later to beans and corn, according to the final government estimate for 1957, the crop matches the previous high record, regardless of the smallest total acreage planted or grown since 1919. Over-all yields reached an all-time peak despite the adverse conditions and delayed planting. The final outturn of wheat is now placed at 947,102,000 bu, or approximately 20 million bu more than earlier reports. The largest increase occurred in Kansas -- about 9 million bu, although production in all winter wheat states has been somewhat increased with the exception of Washington. With a carryover of 905 million on the 1st of July, the revised figures now give us a total crop and carryover of 1,852 million. We use approximately 600 million bu domestically, and the government is still estimating exports at 400 million bu. This would indicate a usage of a billion bushels, leaving the carryover on July 1, 1958 of about 852 million bu, or approximately a reduction in carryover of 50 million bu. However, the average yield of wheat per acre on winter wheat this year is placed at 20.8 bu. Figuring that there will be 4 million bu more acres planted to winter wheat than the year previous, with proper growing conditions, this could mean about 80 million bu additional winter wheat. So we are facing the possibility of a total wheat crop for 1958 of a billion bu.

The outstanding feature of the government report is the tremendous supply of feed grains. It had been anticipated in some quarters that due to late planting and wet harvest the corn estimate might be lowered from that of November 1st, but quite the contrary it was raised 70 million bu for a total of 3,402 million bu, making it one of the three banner crops. The decrease in beans was pretty well anticipated, but adverse weather cut the crop only by 12 million bu from the previous month. This gives us a crop 30 million bu larger than a year ago, from which we carried over 10 million bu. However, the amount impounded under loans may gradually have an effect on the price structure. The biggest increase in feed grains was grain sorghums, of which we raised a crop of almost 562 million bu against 206 million bu the previous year. Of this total Texas raised 238 million vs. 124 million last year, Kansas 129 million vs. 24 million a year ago, and Nebraska 77 million as compared with only 12 million bu in 1956.

Secretary of Agriculture Benson announced today he would cut dairy price supports to the legal minimums. He also stated that while no final decision had been made, thinking is to kill acreage reserve phases of the Soil Bank a year ahead of time, and that the Department has pretty firmly decided to center its emphasis on the conservation reserve and ease on the acreage reserve. He further mentioned that discussion is going on with India for the possibility of that country obtaining more U S food surpluses for Indian currency. Apparently his committee is contemplating asking for $ 1 1/2 billion extention of the government's authority to dispose of surplus farm product abroad. Furthermore, they have in mind the lowering of price support floors from 75% of parity to 60% on basic crops, with related discretionary authority to boost acreage allotments on those crops.

The market today was dominated by the government report of last night, and all grains suffered declines, with all corn futures touching into new low ground. Beans were also lower, as well as oil and meal prices. It will evidently take time to restore any confidence. We are dealing with very ample supplies of everything, but on the other hand the government loan program can create temporary shortages. According to The Southwestern Miller, the mills are more hopeful of improvement in flour demand in view of sagging wheat prices, and undoubtedly lower flour costs, but thus far flour buyers have assumed a waiting tendency. There were three cargoes of wheat reported sold to Pakistan, which are in addition to what was done yesterday; also two cargoes today, bringing the total to 80,000 tons. There seemed to be some changing of wheat hedges back into the December, which might intimate further deliveries in this market.

Primary receipts of wheat totaled 480,000 bu vs 642,000 bu last week and 1,779,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks show a net decrease of 398,000 bu.

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CHICAGO, 4 December 19, 1957

This afternoon after the close we shall have the first estimate on the winter wheat crop for 1958. According to Washington advices some officials in the Agriculture Department are expressing more optimistic views than had been anticipated by the grain trade. They are predicting a harvested acreage of 38 million acres, which would compare with 31.6 million this year, and reflects the sharply reduced signup in the Soil Bank by 7 million acres. Figuring on 22 bushels an acre, which would be lower than this year's yield, it would indicate a crop of 836 million bu. Usually at this time of year the official forecast is on the conservative side. Should we produce the same spring wheat crop as last year, the figure would indicate the possibility of well over 1 billion bu in 1958.

In a recent release from the Department of Agriculture on wheat, they point out that total world production probably will again be at a record level in 1957-58, and is expected to equal the record outturn of the previous year, despite drops in some major areas such as Soviet Union, Canada, and Australia. On a per-capita basis the 1957-58 production is expected to be no more than about 2% above the seasons of 1952-54, but 38% above the 1935-39 period. The long time outlook is for continued gradual expansion of production of the world as a whole. Major agricultural development programs have been extending new ideas into several under-developed areas, and their influence is being reflected in increased output. The more industrialized countries also are adopting new agricultural technics resulting in increased output per person and per unit of area. There has been a rapid increased rate in the communistic countries since the 1952-54 eras, but production on a per-capita basis still is relatively low compared with pre-war.

Broomhall comments that there have been frosts over large sections of Europe, but temperatures have moderated. Generally the crop comments are satisfactory, but there is need of moisture developing in a number of sections. Winter grain condition in the U. K. is mostly favorable, while frosts have caused no damage in France. However, rains will be wanted shortly. The same condition prevails in Western Germany. In most areas of Italy crops are going into the winter in good shape. India indicates a wheat acreage of close to last year.

There has been quite a bit of discussion on farm policies the past week, although so far observers of the Washington scene feel that only minor changes in Federal farm programs are likely in 1958, and it is quite clear that no solution to the problem is at hand. President Schuman of the American Farm Bureau Federation stated in Chicago that government programs have accelerated the flow of capital into agriculture at a time when production was already running ahead of effective demand. He expressed the belief that farm income during the past ten years would have been higher without the fixing of prices at pre-determined levels. He called for reduced government purchases and storage operations, and the discontinuance of acreage allotments.

Reports from Iowa and Kansas state that most of the harvesting is now over, and will be completed by Christmas time. The Iowa report says that as of Monday night the harvesting of beans was 95% completed. A cautious policy is still being pursued by the flour trade, and very little new business has been reported. There were two cargoes of hard winter wheat sold to Pakistan, and Colombia bought one cargo. Chicago wheat prices are now in line for export business, and we would not be surprised to see some decrease in our stocks, with shipments headed for the Gulf. Old crop months of wheat were about unchanged, while new crop months were influenced by the very optimistic statement from Washington made prior to the issuance of the government report. Corn futures all went into new low ground today, and there is a feeling that marketings after the turn of the year might be heavier as many farmers would prefer to sell at the prevailing market rather than to take a chance of large discounts for damaged corn under the loan program. There was no particular feature in beans today. The final trading in December contracts was very quiet except December rye finished quite weak.

Primary receipts of wheat today were 972,000 bu vs 701,000 bu last week, and slightly over 1 million bu on comparable day of last year. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 565,000 bu.

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CHICAGO, 4 December 20, 1957

After the close of the market yesterday, the Agriculture Department predicted that the winter wheat crop in 1958 would amount to 906.3 million bu. This would be the fourth largest on record, and the biggest since the 1.1billion bu harvest in the 1921 high year. A goodmany people had expected extreme optimism owing to the fact that wehave had ideal planting weather, but in addition to that the acreage was stepped up nearly 6 1/2 million from last season. Furthermore, USDA figures that abandonment will only be 6.2% while last season it was 15.8%. As we look back over the previous ten years, we find that on an average the winter wheat crop amounted to only 812.1 million bu, and there were years when the sown acreage was, indeed, very large. In fact, in 1949 it was as high as 61.1 million acres whereas the government figures that this season a little less than 44 million acres were planted. However, they expect that there will be a yield of 20.6 bu a seeded-acre, which would be the highest on record, and even 1.8 bu better than last year, when a good deal of poor land was taken out of production in order to obtain Soil Bank payments.

There are many conclusions that one may draw from last night's report. First of all, it would appear to us that with only 3.8 million acres winter wheat deposited in the Soil Bank compared with10.7 million a year ago, farmers accept it only as an insurance when crop conditions are bad. Secondly, it seems futile to try to have small production and artificial supports, as the two are contradictory. While it is entirely possible that we may cut a little into our carryover reserve on July 1, 1958 if the present promise for the winter wheat cropfinds fulfillment and an average spring wheat crop is raised, we are again faced withheavy accumulation in 1959 and thus the program that is now in force is certainly not a satisfactory one, because it has failed to solve our agricultural problems. Nobody knows, of course, whether we shall be able to export perpetually in excess of 400 million bu wheat, even though we continue to carry on give-away programs and sell to those countries whose dollar exchange is low on basis of their currency. We do know, however, that there are rumblings in Canada and a movement is afoot up there paving the way for possible increased sales of Canadian wheat on credit. They intend to amend the present export Credits Insurance Corporation Act by doubling to $200 million the maximum liability presently permitted. The law has been used in recent years to facilitate the sale of a considerable quantity of wheat, particularly to Iron Curtain countries, and Trade Minister Churchill stated recently: "There is a noticeable trend towards credit transactions for wheat and in this field we are prepared to be active if terms and security are satisfactory." Undoubtedly all this is intended to make it possible for Canada to compete more keenly with the U.S. whose Surplus Disposal deals have been so strongly criticized in recent months.

We heardthis morning that CCC had rejected all corn bids at the Atlantic but they did sell a million bumilo to exporters. The U.K. bought a cargo of No. 2 yellow corn for last half January shipment, but other foreign business was rather light. USDA extended for one month the deadline for taking price-support loans and purchase agreements on the 1957 crop of grain sorghums. This apparently is in an effort to enable producers to find storage and to dry grain sufficiently to make it eligible for loan.

Primary receipts of wheat were quite small today and amounted to only 646,000 bu, which compared with 707,000 bu last week, and 1 1/2 million bu last year. Kansas City and Minneapolis wheat stocks so far this week show a total decrease of 725,000 bu. When the wheat visible supply is posted on Monday it will compare with a shrinkage last year of only 1.1 million bu.

Wheat naturally responded to the bearish government report, and new-crop futures lost on old. As a matter of fact March wheat was quite strong, and we are on a shipping basis to the Gulf, which creates a local situation that one will have to watch. To those who might be short March and long May we recommend covering the March and staying long the May. It looks to us as though impoundings might still have some influence on the old crop months as time goes on. Corn recovered a little from early weakness, but did not get very far. Beans were quite strong, and the country is selling very little. There is a little better sentiment developing, and we would not be surprised to see large quantities under government support. Rye prices finally were steady. December condition of 92% vs 78% last year is probably a little bearish. The seeded acreage is slightly less than last year but it is too early to try to estimate the crop, and a good part of the rye sown is used for forage, and only about half the acreage is harvested.

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CHICAGO, 4 December 23, 1957

Despite the fact the surpluses continue to abound in this country, it should be recognized that accumulations are taking place mostly in North America. To go even further, they are greatest right here in the U.S. It is true that Canada had the largest wheat carryover in the history of that country last August, but in the U.S. it is not only wheat that has become burdensome, but also, the entire feed grain situation, to which we have alluded often in these letters. Onthe other hand, agricultural production in most other regions of the world has just barely kept pace with popdation growth. As a matter of fact, in 1957-58 world production per-capita will be only 1% above prewar and 2% above the 1952-54 era. Outside of the Communist areas, increase in production has been most pronounced in West Asia, Latin America, and Africa, but these are the areas of most rapid population growth, and their production just slightly exceeded the increase in population. In West Europe, where population is increasing less rapidly, production per-capita has remained unchanged for the last three years. Actually West Asia is the only area to show a significant increase in per-capita production in 1957-58. There is the matter of new techniquesthat have shown up in the many industrial countries, which enabled them to increase their output ona given area, but in spite of this the trend of agricultural production inthe world as a whole is not likely to change rapidly from that of recentyears, and actually must continue at about the present rate if adequate supplies of agricultural products are to be provided for the growing population, and if the general level of living is to continue to improve. All this is a rather optimistic outlock, in a way, for those countries which have amassed surplus agricultural commodities, except that with the world economy being what it is, we shall probably have to either give away for a long period of time or make it comparatively easy for certain countries to buy our products.

Before the opening of themarket there was not a great deal of news to guide it. Soybeans had been about the only commodity which toward the end of last week had shown a rallying power, and this may have been due to the general feeling that impoundings are going to be extremely heavy, and might well be greater than at any time since heavy production has taken place. USDA officials now think that as many as 110 million bu beans may go under support and that Co mmodity may take over 60 million by next June. The same agency expects some pick up in exports as soon as the P.L. 480 program goes into high gear. This being the case we could have some improvement in price as time goes on. We feel somewhat the same abou wheat: Namely, that old-crop months could feel the effects of large loan applications by farmers. Last week the Agriculture Department raised their sights on the 1957 wheat crop, boosting the estimate by 20 million bu. It is quite conceivable that if prices remain relatively low. impoundings could be that much larger, and we still have not given up the possibility of an artifidal situation being created before the next harvest is available. As for new-crop months, they have had a rather sharp decline due to the fact that a winter wheat crop of 906 million bu next summer seems to be a possibility. It is true that the acreage is considerably larger than last season, and it is also true that a winter wheat crop has seldom been faced with the favorable conditions that have been experienced so far this fall.

On the other hand the hazards of growth are still ahead, and there could be a larger abandonment than was reckoned by the officials, so that the indicated yield of 20.6 bu per seeded acre might not be realized. That estimate was a record for all-time and nearly 2 bu above the 1957 crop yield when a good deal of poor land had been retired under the Soil Bank. Likewise it is nearly 5 million bu above average and any change would more than likely show a decline rather than improvement.

Chicago wheat stocks decreased only 318,000 bu during the week, but this was due to some shipments from Michigan to our market, and from what we understand theremight be a heavier decrease next week, as one of the elevator companies is loading more wheat out apparently against export sales. Corn stocks increased 440,000 bu to a total of nearly 21 million bu, while beans showed a small increase, with 10.8 million bu here in Chicago. There was a little firmness in markets early, but buying power lagged and while March wheat held the balance of the wheat futures for a time, selling of new crop finally overcame other factors, and July and September wheat went into new season's lows. Beans were firm early in the session, but encountered some selling when the leading cereal became weak. The same was more or less true of corn. Spot corn sold at a 1¢ higher basis than on Friday. We heard there was some fairly good flour business with bakers purchasing from 60 to 120 days ahead.

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December 24, 1957

As the year 1957 draws to a close, we pause for a moment to see how agriculture has fared during this period. The 1957 crop season in some sections of the country may be remembered because of the amount and timing of rain. In the Central and Southern Plains, snow, rain, and then more rain soaked, and sometimes, flooded away the drought which had withered many of the efforts of farmers and stock men since 1952. In Texas and Oklahoma, 1957 may stand out as the really "wet" year. Kansas, Nebraska, and the Dakotas had good spring and summer soil moisture and growth conditions. Iowa's large acreages of corn, oats, soybeans, and hay had good rains and made sharply higher yields than in the dry period of 1956. Large parts of Illinois, Indiana, Ohio, and other Central States got too much ill-timed rain, while the southeastern region had periods of both drought and excessive rains. In parts of the mid-Atlantic states and in southern New England the summer's drought was severe and many crops never fully recovered. This country covers a tremendously wide area from the Atlantic to the Pacific, with its depth, extending to the Mexican border, with warm sunshine and sometimes torrid summers that offer quite a contrast to the northern areas bordering,Canada, where the winters are long and cold.

Taking everything into account, total production of agricultural commodities inthe U. S. during 1957 was about equal to the peak raised in the preceding year, and it exceeded the prewar period (1935-39) by about 50%. Cropland was about 3% lower than in 1956, primarily because of the Soil Bank Program but apparently this was not much of a factor except as Secretary Benson pointed out, crops might have been very much larger had it not been for this factor. The total acreage of 59 important crops planted or grown for 1957 covered 334 million acres. During 1957, food supplies were near record proportions. Looking ahead, it is safe to say that if weather and other growing conditions are generally favorable in 1958, the crop outlook could equal or even exceed that of the past two years. On the other hand, exports are likely to remain heavy even though probably not equal to the record level reached in 1956-57. U.S. products will continue to face keen competition in foreign markets. In the developed countries of the world, particularly in Western Europe, the agricultural technical revolution which is accelerating should result in a marked increase in agricultural production. Still there are the under-developed countries where there will be a continued stress on agricultural self-sufficiency in order to provide increases in agricultural exports as a means of financing economic development.

There are some strengthening factors in the foreign demand as we look into the distant future. These include the rapid growth of world population, the upsurge of industrialization, increasing per-capita income, and the general desire of all nations to improve their standards of living. There are some exceptions, of course, and no one can be sure whether the demand may not decline for certain agricultural commodities if there is a discontinuance of P. L. 480, which at the present time is helping to finance about 40% of the total shipments abroad.

We had an abbreviated session prior to the holiday with not much news, nor activity. Flour business had slackened very considerably, and we did not hear of much export business, although a house that was prominent on the buying side of March may have beenanticipating some sales toIndia that will take place shortly. The government weekly grain and crop report commented that we are going through a period of abnormally warm weather. They stated that wheat was in excellent condition, although in some sections there was blowing, although no appreciable damage has become apparent due to lack of precipitation in certain sections. In spite of the heavy rains that were experienced early, there are some areas where topsoil is dry, and as a result slight moisture deficiencies are beginning to show up in a few places.

Market changes were insignificant, and beans were a shade lower, while corn was about steady, and the same was true of rye. Altogether it was a holiday spirit with small volume in all pits. The country sold corn very sparingly, and the basis here is firm. CCC sold exporters about 335,000 bu overnight. The ICC granted Class #1 railroads special permission to publish proposed freight rate increases subject to protest and suspension. Increases are likely, but any change would not go into effect for 30 days.

WE WISH YOU ALL A VERY MERRY CHRISTMAS

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 26, 1957

There was not too much grain news over the holiday. However, in looking over Broomhall's figures of wheat and flour shipments to December 21st, we find that we have cleared 178 million bu compared with 226.4 million a year ago. This would be at the rate of about185 million bu for the first six months of the crop year, and if continued would mean 370 million bu for the entire season. One must be mindful of thefact that very often the first half of a crop year is the best for exports but we believe that this does not hold true at the present time, if for no other reason than because of the poor crop prospects in the Southern Hemisphere, which may give us a chance to do more than our share of the business during the remainder of the season. Furthermore, there seems to be a fair amount of business in prospec India is anxious to get 3 million tons of food grains from us, and this is above the quantity provided for by existing agreement between our two countries. India did not have sufficient rainfall this year in most parts of the country, and thus her government is looking hopefully to the U.S. for supplies.

It was reported that India had taken about four cargoes of #2 hard wheat vi a the Gulf, but our market did not respond too much to these purchases, and it is likely that someof thehedges were covered before the holiday in anticipation of this trade. By the end of this year India will have imported about 3 million bu of food grains, all of it from the United States, except a small quantity of wheat from Australia. However, Australia will not have a big surplus this year, and recent figures which we have seen indicate a crop of less than 100 million bu. Thus, it is not surprising that India should continue to turn to us for a good part of the wheat, particularly as it will be furnished to them under favorable financial terms. Then there is also Poland, who is asking again both for dollar credit and permission to buy surplus goods with her currency. How much business develops in that direction is difficult to say at this juncture, but it shows that there are still good outlets for our wheat. We heard this morning over the radio that there might also be some business with Yugoslavia.

Under these circumstances it is not unlikely that the government's goal of 400 million bu will be reached during the 12 months period, which, together with our domestic disappearance of close to 600 million bu would account for 1 billion bu of wheat, or actually more than was raised last summer. Of course, not all of the wheat that is exported will come out of free stocks as under the subsidy program, scrip is used. On the other hand, it is now fair to assume that the carryover reserve of wheat next July will be cut to about 870 million bu, which would be a reduction of about 35 million bu from the year before. This, however, can only be of a temporary nature if we raise 1.1 billion bu of wheat next summer, which seems to be at least a possibility based on the estimate of a winter wheat crop of 906 million bu.

The CCC sold exporters 435,000 bu of corn over the holiday. This included 145,000 bu track Gulf, the balance was at interior points. There was also 700,000 bu of milo sold during the same period.

Primary receipts of wheat were quite small and amounted to only 641,000 bu which compared with 972,000 bu last week, and 1.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 73,000 bu.

Trade was still of a holiday character but there were some export hedges lifted in the wheat pit, but this did not have very much effect. Broomhall's foreign crop summary spoke of only isolated areas which had had the usual autumn rains, and that consequently water level in some rivers was very low, especially the Rhine where navigation had become difficult. It is feared that winter crops may suffer although it is still early. Much needed rains fell over some areas of France last week but more are needed to replenish sub-soil reserves. Some reduction in wheat plantings are reported as compared with last year. Flour sales have diminished again after 1 or 2 days of good business early in the week. According to The Southwestern Miller it may remain quiet until the holidays are over.

The important change came in beans and that market was particularly weak with some January liquidation reported which unsettled other future months. Corn and rye were lower but there was not much trade in those cereals. All corn and oat futures sold at season's lows. The same was true of all bean futures except March.

UHLMANN GRAIN CO.

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CHICAGO, 4 December 27, 1957

The large and growing supply of feedstuffs has been pushing prices down. During the fall months prices to farmers for feed grains averaged the lowest since 1943. Actually hay was at a postwar low, and prices for high proteins were close to the postwar low of 1956. Larger than usual proportions of the corn and sorghum grain crops apparently had too much moisture for safe storage. The U.S. grain sorghum crop this year, whichis the largest in history, probably requires some comment. There are several causes that have combined to produce this huge crop. First of all, acreage was twice as large as last year's, reflecting a marked shift away from corn and wheat. Weather has been generally favorable with good moisture for planting and growth and sunshine for harvesting. New hybrid seeds gave us big yields, and for 1957 the yield was nearly 29 bu per acre, which was 10 bu more than the 10-year average. So it was that a crop of 562 million bu was forecast in the December government report.

The U.S. market has not been absorbing all of the big grain sorghum crops of recent years. Over a third of the record 1955 crop and one-sixth of the smaller 1956 crop went into government storage under the price support program. Some of this grain has been used in the emergency feed program at home and some was exported. The rest has landed in government stocks and the record holdings of old sorghum were about 81 million bu. Before the war exports of this cereal were almost nil, and as a matter of fact, we shipped only 2,000 bu in 1939. After the war, huge U.S. exports took first place in world trade. In the 10-year period (1946-55), shipments average nearly 40 million bu, and in the season ahead our exports might be even greater, provided, of course, there is a favorable price relationship with corn. These two commodities have the highest export possibility of the four big feed grains. Sorghum at 56 lbs per bu is more economical to ship than barley at 48 lbs, and oats at 32 lbs. Most countries that import feed grains have some preference for corn but are willing to accept sorghums when there is a price advantage as there was in the three greatest grain sorghum export years. Most European countries already have well developed livestock industries and high levels of feed intake. Likewise, several Latin American countries have undertaken livestock improvement programs, and the development of Latin America's livestock industry will eventually mean increased need for feed grain. In the nearer future, however, expanded poultry production offers a better possibility for sorghums in several Latin American markets such as Mexico, Cuba, Venezuela, and Colombia. Japan, which is also trying to expand livestock production has so little farm land to spare that imported feed grain is a necessity. Therefore, we could find some increased demand from that source if the price level is satisfactory.

Before our market opened, soybean oil was lower, and there was also a bearish carryover feeling from yesterday when so many commodities had made new lows. With additional liquidation of January beans, this gave us a lower opening again this morning.

Primary receipts of wheat amounted to only 602,000 bu which compared with 646,000 bu last week and twice as much last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 137,000 bu. When the visible supply is posted on Monday it will compare with a decrease last year of nearly 6 1/2 million bu.

There was liquidation in all pits right from the start, but some wheat hedges were covered by exporters apparently the tail-end of the business with India, but this was not enough to absorb the selling that came from all sides. There was no special news except a bearish sentiment that the recent commercial buying had had so little influence on the market, and with poor support today there was a general sag. New crop wheat futures went to new lows for the season, and there were also lows on the crop for corn, oats and beans, although we pointed out during the session that at the present price of Chicago January beans the farmer would only get about $2,00 in central Illinois; average freight rate is approximately 15 1/2¢ per bu and the country elevator handling charge is around 5 to 6¢. Contrasted with this is the loan in central Illinois of $2.15, and, if beans are low in moisture content, farmers could get an additional 4¢. There was some rally in beans after selling subsided and we think the market is entitled to a further reaction. Farmers, in our opinion, will not sell much corn at these levels and even though the feeding situation is very bearish, we would not be surprised to see a better market when the urgent liquidation is over. After the turn of the year there is some export business in wheat expected to Israel and to other countries, and altogether the market has now had a good cleaning out. UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 30, 1957

There was not a great deal of grain news over the week-end. There is a good deal of talk current that the P. L. 480 program is very slow in starting this year, and of course, one of the reasons is that Congress was quite late in authorizing the billion dollars in new funds for the fiscal year, 1958. This slowed things up by possibly two months. There is another reason: namely, that the administrative machinery is rather involved, and it requires about nine agencies to complete an agreement, plus an inter-agency committee and an over-all policy committee, which, of course, is cumbersome, to say the least.

The P. L. 480 country agreements and purchasing have been conspicuous by their absence from the marketplace, insofar as vegetable oil is concerned. Even though the soybean crop was reduced to about 480 million bu, it is still a record for all-time but without the needed P. L. 480 oil allocations, there may not be the necessary confidence in beans that would be required for a bull market. It is now thought that crushings will be more than 330 million bu. This would be an increase of 15 million from the year before, which was a record. In any case we are bound to have a larger carryover reserve next October; therefore, the important matter still to be resolved is how much will go into the loan. New figures are expected on January 9th. In the meantime we have asked some of our Illinois offices whether the entries are heavy, and while they seem to be picking up a little now, the big rush is not expected until after the 10th of January, as a good many farmers are busy now with holiday operations and seem to be delaying until the last minute placing beans under support. The bin storage owned by CCC has increased heavily since 1949, when it was only 45 million bu. Now it is up to nearly a billion bushels. Farmers still own more than half the record soybean crop that was raised last summer, and we fully believe that total impoundings will be in excess of 100 million bu, irrespective of what the figure shows on January 9th. As of November 15th, 22 million bu was under price support, which compared with 35 million bu for the same date a year ago. In corn there are a good many farmers who are not eligible for the loan, and we have heard recently that fair amounts wer rejected by CCC owing to the fact that moisture content was too high.

When our market opened this morning, there was further liquidation in wheat, and not much attention was paid to the fact that some rather large export business is likely after the turn of the year. Pakistan is asking for daily offers on Gulf wheat and also might make purchases via the Atlantic. That country has about 19 million bu remaining to be booked against their authorizations. There is also some large-scale buying expected by Greece, although this may not get under way until about the 10th of January. Scrip has traded and is at a premium of about 1%. The only export business we heard of early was a cargo of No. 2 red wheat that had been sold Friday, but this may have been a deal between exporters and apparently there are no hedges involved in the transaction. We learned that the Canadian government was studying a deal with Spain which would take $40,000,000 worth of low-grade milling wheat and pay for it over a 10-year period. Their Minister of Agriculture was not too enthusiastic over this transaction and doubted whether a long-term credit of that kind was a practical proposition. Meanwhile, there is the possibility that we may do some business with Spain, provided an agreement can be reached. This, however, would involve soybeanoil and that country might take rather large quantities during 1958 in the event that Congress extends P. L. 480 and grants the additional funds that are needed.

Stocks of wheat in Chicago declined approximately 600,000 bu for the week, leaving a balance in elevators and afloat of about 11 million bu. Flour sales over the weekend were extremely light, with a holiday atmosphere prevailing, according to The Southwestern Miller. Bakers are well or heavily contracted for hard winters and spring, and seem to be indifferent to adding to orders. Wheat had a firm undertone, and there was a fair quantity of July wheat purchased against what is supposed to be short covering on part of an investment agency. There was also some buying of wheat on part of exporters. We understand there was one cargo of wheat sold from the Gulf. All futures of corn went into new low ground during the session but recovered to around Friday night's close. The main feature in beans were spreading orders, although there was a good quantity bought during the early part of the session by a house with export outlets. There was some talk that beans will be on tap for January delivery, but no mention was made of the quantity.

There was a better tone in the oil market which helped beans. UHLMANN GRAIN C

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 31, 1957.

Another year has drawn to a close. In some respects it was a favorable one for agriculture. In fiscal 1957, exports of farm commodities totaled $4.7 billions, which was an all-time high in both quantity and value. This was 16% above 1952, which was the previous high, and which came during the Korean conflict. Farm assets are now at a record high and farms have only $12 in debts for each $100 of assets. Farm ownership is at a record high and only one out of three farms has a mortgage. Farmers' net equities of $157.3 billions early this year were at an all-time high, up $8 billion from a year earlier, and up $6.6 billion from the previous high on January 1, 1952. On the other hand, the American farmer is not completely content. He has raised large crops on reduced acreages by applying skill and techniques and using his genius as never before in history, helped, of course, through technological developments. At the same time he has been hampered by the constant growth of surplus crops occasioned by various government programs.

Efforts to support the prices of agricultural commodities have claimed public attention since the early 20's. A mass of proposed legislative measures has appeared in every Congress calling for a great variety of ideas concerning price-supporting mechanisms. None of these, however, has succeeded. Common to all these enactments was the intention to benefit agricultural producers of the nation by raising the prices of their products to levels higher than the open market, could yield. We have no quarrel with the benign purposes of such legislation. On the contrary, we, as grain men, have every reason to desire that producers receive the highest possible price for their products. We say, however, that the market must not be tampered with for the purpose of obtaining artificially high prices without injury in the end to the producer himself, and without detriment to the general welfare. We do not believe that any permanent program which permits a constantly rising loan price can do anything but achieve the inevitable result of the accumulation of unmanageable and unworkable surpluses, with resultant injury to the farmer and to our economic system as a whole. We feel that this subject and these problems which affect the public interest to such a degree, overshadow any individual considerations. Generally speaking, there are many people in the grain trade who stand to profit by heavy and surplus production. They earn good fees for the storage of grain in elevators and in this respect many of them are still well satisfied. We are convinced, however, that the probable consequences of these techniques are so far-reaching that they should merit the careful scrutiny of everyone interested in the general welfare of our economic and political system. We believe that the retention of the present system can only lead to a complete debacle or to the imposition of controls which will finally endanger the liberty and freedom of action of the farmer, and eventually, of the entire country.

We are not alone in expressing these thoughts and these admonitions. In a recent speech, Secretary Benson voiced his views, and we could not if we tried improve upon his language when he said: "I believe in price supports properly used as means of providing stability for agriculture. But I do not believe in price supports set at levels which are destructive of farmers' welfare, which price ourselves out of markets, which build up great unmanageable surpluses, which force controls over farmers, limit their right to plant and sell, and make their farms inefficient, which chase acres around, taking them out of one crop and dumping them on others, which in the end have only the effect of making prices lower and regimenting farm families."

In the past fiscal year the cost of price support stabilization operations totaled $3.3 billion. Even this would not have been too serious if it had brought a solution to our farm problems. However, in dealing with our surpluses we have antagonized many of our friendly allies; we have taken markets away from Canada and others. Experience of the last 25 years has clearly demonstrated that agricultural production in this country could not be successfully controled by government action. Brazil tried to valorize coffee; in Britain there was an attempt to stabilize rubber prices, and Cuba tried to boost prices of raw sugar, but all such attempts ended in complete failure.

We are still a country of tremendous spirit. What we seek is an agriculture in which there are the proper incentives to use and maintain our soil, water, forest and range resources for the benefit of both this generation and those to come. In our humble opinion, such incentives were always best served under a system of free enterprise and of free initiative.

WE WISH YOU ALL A VERY HAPPY NEW YEAR.